

April 19, 2011

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Superfund

VIA EMAIL AND FEDERAL EXPRESS OVERNIGHT

Denise Roberts, Esq.  
Senior Assistant Regional Counsel  
U.S. Environmental Protection Agency  
Office of Regional Counsel  
901 North 5<sup>th</sup> Street  
Kansas City, Kansas 66101

Re: Response to Lathrop & Gage's Letter of November 29, 2010 on  
behalf of Raytheon Company

Dear Ms. Roberts:

We represent NCR Corporation. Thank you for the opportunity to respond to Lathrop & Gage's letter to you of November 29, 2010 on behalf of Raytheon Company ("Raytheon"). The letter ("Raytheon's Letter") is wrong under basic principles of corporate law and CERCLA.

**A. Raytheon Is ECI's Successor By Merger**

1. Raytheon is Standard Precision, Inc.'s and ECI's Successor

The corporate history that makes Raytheon the successor to Standard Precision, Inc.'s liabilities is straightforward.<sup>1</sup> First, Standard Precision, Inc. was liquidated and dissolved into its sole shareholder, Electronic Communications, Inc. ("ECI") in 1965. Standard Precision, Inc. distributed all its assets to ECI and ECI explicitly assumed all of Standard Precision, Inc.'s liabilities:

"(a) Standard [i.e., Standard Precision, Inc.] shall cease doing business and all of its properties, assets and rights ... shall be transferred and distributed to ECI in complete cancellation of the stock of Standard, and

(b) ECI shall assume payment of all liabilities and performance of all obligations, if any, of Standard of every description, whether absolute or

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<sup>1</sup> Raytheon's Letter, pp. 3-11, describes many transactions, most of which are irrelevant to the liability analysis.

contingent.”<sup>2</sup>

Second, in 1976, a company called E-Systems, Inc. bought all the stock of ECI.<sup>3</sup>

Third, later in 1976, E-Systems, Inc. merged ECI into itself,<sup>4</sup> assuming ECI’s liability as a matter of black letter law<sup>5</sup> and ending its separate existence.

Fourth, in 1995, Raytheon acquired E-Systems, Inc. by merging it into a wholly-owned subsidiary, making E-Systems, Inc. a wholly owned subsidiary of Raytheon.<sup>6</sup>

Fifth, in 2001, Raytheon merged E-Systems, Inc. (then re-named Raytheon E-Systems, Inc.) into itself, assuming E-Systems, Inc.’s liabilities and ending its separate existence.<sup>7</sup>

Accordingly, Raytheon is the successor to ECI; Raytheon stands squarely in ECI’s shoes; and by operation of fundamental corporate law, Raytheon retains all of ECI’s liabilities, including CERCLA liabilities. Nothing that Raytheon has said or produced in its November 29, 2010 letter diminishes this unassailable conclusion.

## 2. The Facts Must Be Corrected

Raytheon’s Letter tries to obscure these facts by setting forth a long, erroneous and largely irrelevant history.<sup>8</sup>

Contrary to Raytheon’s assertion, the dividend from ECI to NCR did not consist of the “entire” business of the Standard Precision division of ECI.<sup>9</sup> ECI sold its air and vertical speed indicator business under the Standard Precision name to EDO Corporation simultaneously with the dividend. EDO Corporation paid ECI \$64,100.00 for those assets, plus a 5% royalty on all sales for the two years following closing.<sup>10</sup> ECI’s dividend declaration to NCR specifically excludes from the dividend the assets to be delivered to EDO and the right to receive payment from EDO. NCR did not undertake to honor ECI’s warranties in the declaration, contradicting Raytheon’s assertion that NCR retained responsibility for them.<sup>11</sup>

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<sup>2</sup> See Exhibit 1 hereto (ECI Board Minutes 9/27/65).

<sup>3</sup> See Exhibit 2 hereto (ECI sale agreement) and Raytheon’s Letter, p. 11.

<sup>4</sup> See Exhibit 3 hereto (Certificate of Ownership and Merger) and Raytheon’s Letter, p. 11.

<sup>5</sup> “Unless transferred or gotten rid of before the merger, *all* assets and liabilities of [the acquired corporation] will become assets and liabilities of [the surviving corporation], by operation of law (namely, the merger statute), when the merger becomes effective.” Robert C. Clark, Corporate Law, § 10.1 (1986), *citing* Massachusetts, California, Delaware and New York statutes (*italics in original*).

<sup>6</sup> See Exhibit 4 hereto (Certificate of merger) and Raytheon’s Letter, p. 11.

<sup>7</sup> See Exhibit 5 hereto (Certificate of merger) and Raytheon’s Letter, p. 11.

<sup>8</sup> Raytheon’s Letter, pp. 2-11.

<sup>9</sup> Raytheon’s Letter, p. 2.

<sup>10</sup> See Exhibit 6 hereto (Agreement of Sale).

<sup>11</sup> See Exhibit 7 hereto (Written Consent in Lieu of Meeting).

Raytheon does not say how the pre-1961 history of Air Associates in New Jersey<sup>12</sup> or the details of NCR's purchase of ECI<sup>13</sup> are relevant. And Raytheon does not explain how NCR's treatment of ECI's minority shareholders bears on the successorship issue; it does not.<sup>14</sup> NCR's buyout of ECI's minority shareholders was fair. Raytheon has no contrary evidence.

### 3. The General Principle Applies – NCR is not Liable for ECI's Liabilities

ECI was a subsidiary of NCR. First, it was majority-owned (1968-71). Then, it was wholly-owned (1972-76). Under *United States v. Bestfoods*, 524 U.S. 51 (1998), this parent-subsidiary relationship is insufficient to make NCR liable for ECI's or Standard Precision, Inc.'s liabilities.

It is a general principle of corporate law deeply ingrained in our economic and legal systems that a parent corporation (so-called because of control through ownership of another corporation's stock) is not liable for the acts of its subsidiaries.

*Bestfoods*, 524 U.S. at 55-56. Importantly, Raytheon acknowledges that ECI was a one-time NCR subsidiary<sup>15</sup> and that ECI was bought from NCR by a company that was later merged into Raytheon.<sup>16</sup>

Raytheon argues that NCR's liability for a) Standard Precision, Inc.'s liabilities, which ECI explicitly assumed when Standard Precision, Inc. was dissolved,<sup>17</sup> and b) ECI's actions relating to its unincorporated Standard Precision division, stems solely from the dividend paid by ECI to NCR at the end of 1971.<sup>18</sup>

Raytheon's argument is directly at odds with *Bestfoods*. A parent corporation (or other stockholder) does not inherit the subsidiary's CERCLA liability (or any other liability) when the subsidiary pays a dividend, and Raytheon cites no contrary authority. In addition, the law generally makes no distinctions among the forms in which dividends are paid. "Dividends may be paid in property if it is not prohibited by law, the articles of incorporation, or bylaws, and it is

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<sup>12</sup> Raytheon's Letter, pp. 3-4.

<sup>13</sup> Raytheon's Letter, pp. 3-4.

<sup>14</sup> Raytheon uses inflammatory language to describe the ECI-NCR relationship: it says NCR "orchestrated" a "heavy-handed takeover of ECI," and "expelled" ECI's minority shareholders in an "inequitable" transaction, and that NCR "exploited" ECI.

<sup>15</sup> See Raytheon's letter, p. 8.

<sup>16</sup> See Raytheon's Letter, p. 11.

<sup>17</sup> See Raytheon's Letter, p. 21.

<sup>18</sup> See Raytheon's Letter, p. 11.

possible to distribute the property among the shareholders.”<sup>19</sup> A corporation may pay a dividend “in cash, in its own shares, in its bonds or in other property ...”.<sup>20</sup>

Raytheon relies on cases involving asset sales or transfers from parents to subsidiaries, not, as in this case, payment of a dividend.<sup>21</sup> But even those cases are mostly pre-*Bestfoods*.<sup>22</sup> In one of Raytheon’s other cases, the court rejected plaintiff’s theory of successor liability and granted summary judgment in favor of defendants.<sup>23</sup> Another case applied the *de facto* merger idea, which does not apply here, as explained below.<sup>24</sup>

4. NCR Does Not Have to Rely on the “Asset-Purchaser Rule” Because NCR Did Not Purchase Assets

We found no authority for the proposition that a dividend recipient such as NCR in this situation takes liability from the payer, and Raytheon cites none. Raytheon portrays the relevant transaction as an asset purchase,<sup>25</sup> while at the same time acknowledging that it was a dividend payment.<sup>26</sup> Raytheon does not cite any cases that apply to the transaction that actually occurred.

For the reasons stated below, NCR is not liable for ECI’s liabilities through payment of the dividend.

a. NCR Did Not Explicitly Assume ECI’s Liabilities

NCR did not explicitly assume any of ECI’s liabilities as part of receiving the dividend, whether related to the Standard Precision division or otherwise. Raytheon makes no

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<sup>19</sup> 11 W. Fletcher, *Cyclopedia of Law of Private Corporations* § 5356, p. 651 (rev. ed. 2003).

<sup>20</sup> N.J. Stat. Ann. § 14A:5-30(2). ECI was a New Jersey corporation at all relevant times.

<sup>21</sup> See Raytheon’s Letter, pp. 12-13.

<sup>22</sup> *Synergy Methods, Inc. v. Kelly Energy Sys.*, 695 F. Supp. 1362 (D.R.I. 1988), *Blackstone Valley Elec. Co. v. Stone & Webster, Inc.*, 867 F. Supp. 73 (D. Mass. 1994) and *Purolator Products Corp. v. Allied-Signal, Inc.*, 772 F. Supp. 124 (W.D.N.Y. 1991). See Raytheon’s Letter, pp. 12-13. In *Purolator*, an *indemnification* agreement from transferee to transferor was the basis for the court’s holding the transferee liable, not the purchase by itself. 772 F. Supp. at 131-33. There was no indemnification agreement (or assumption of liability) in the ECI-NCR transaction because it was a dividend payment.

<sup>23</sup> *Tex Tin Corp. v. United States*, 62 ERC (BNA) 2017, 2006 WL 1118587 (S.D. Tex. April 25, 2006).

<sup>24</sup> *Cytec Indus. v. B.F. Goodrich Co.*, 196 F. Supp.2d 644 (S.D. Ohio 2002).

<sup>25</sup> Raytheon’s Letter, pp. 13-18. Raytheon cites *N. Shore Gas Co. v. Salomon Inc.*, 152 F.3d 642 (7<sup>th</sup> Cir. 1998) for the proposition that a corporate reorganization can result in successor liability. The holding in that case was based on the mere continuation doctrine, under which “the purchaser continues the corporate entity of the seller.” 152 F.3d at 654 (italics in original). As set forth below, NCR did not continue the corporate entity of either ECI or Standard Precision (which was not a corporation at the time of the dividend), so NCR is not liable under the mere continuation doctrine.

<sup>26</sup> Raytheon’s Letter, p. 9.

argument to the contrary, but argues instead that the doctrine of “implied assumption of liability” applies.<sup>27</sup>

b. Implied Assumption of Liability Requires  
Actions With Respect to Those Liabilities

NCR took no *actions* that could lead to an inference that it assumed ECI’s liabilities. In *City of Richmond v. Madison Mgt. Group, Inc.*,<sup>28</sup> the pre-*Bestfoods*, non-CERCLA case on which Raytheon primarily relies, the alleged successor acquired assets of the alleged predecessor. Again, there was no dividend paid or received in that case. The alleged successor wrote a letter to plaintiff saying that the pipe that its predecessor made was not defective. The alleged successor also tried to repair the pipe. Based on these post-transaction *actions*, the court held that the jury could have inferred that the alleged successor assumed the predecessor’s contractual liabilities relating to the pipe – “if [successor] did not intend to assume [predecessor’s] liabilities, it would not have needed to engage in a discussion about whether the [defect] resulted from something for which [predecessor] would have been liable.”<sup>29</sup>

NCR took no action with respect to ECI’s Standard Precision-related liabilities that could be interpreted as an assumption of those liabilities. Raytheon emphasizes that NCR took title to a property on Gilbert Street; that it sold gyroscopes; and that it received documents from ECI that Raytheon describes as “broad enough to encompass rights to coverage under liability insurance policies.”<sup>30</sup> This amounts to nothing more than exercising ownership over assets. Nor does Raytheon try to articulate a principle as to why it would be fair to make ownership of those assets a basis for NCR’s liability.

c. Not Even One Factor Indicates There Was a *De Facto* Merger

Raytheon’s argument that a *de facto* merger took place through ECI’s payment of a dividend<sup>31</sup> is not supported by even one of the four applicable factors.

(a) Continuity of Operations: In 1970, “Standard Precision produce[d] a line of flight, engine and other cockpit instruments for the general aviation industry.”<sup>32</sup> At the same time as the dividend payment, ECI sold the air and vertical speed indicator business to EDO Corporation,<sup>33</sup> and as Raytheon acknowledges, NCR sold the gyroscope business line to

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<sup>27</sup> Raytheon’s Letter, pp. 14-16.

<sup>28</sup> 918 F.2d 438 (4<sup>th</sup> Cir. 1990). See Raytheon’s Letter, pp. 14-15.

<sup>29</sup> 918 F.2d at 451.

<sup>30</sup> Raytheon’s Letter, pp. 15-16.

<sup>31</sup> Raytheon’s Letter, pp. 16-17.

<sup>32</sup> See Exhibit 8 hereto (“Background Information for media files”).

<sup>33</sup> See Exhibit 6.

Aerosonic in 1972.<sup>34</sup> NCR was never in the aviation business, before or after the dividend. NCR (then the National Cash Register Company) was “engaged in the design, production, distribution and servicing of business equipment and machines, including electronic data processing equipment, accounting machines, cash registers, adding machines and microform equipment ...”.<sup>35</sup> There was no continuity of operations.

(b) Continuity of Shareholders: Standard Precision division had no shareholders, so there could be no continuity of shareholders between a business division of one corporation and another corporation that received the assets of the division as a dividend. There was no continuity of shareholders.

(c) Cessation of business by the seller: ECI did not cease business when it paid the dividend. It existed as a separate entity until 1976, when it was merged into E-Systems, Inc., a Raytheon predecessor. The ECI “Communicator,” an in-house newsletter, describes several defense contracts ECI had, including a new contract, at the time of its purchase by E-Systems, Inc. in 1976.<sup>36</sup> ECI continued as an ongoing business after the dividend payment. There was no cessation of business by the seller.

(d) Assumption of obligations: As described above, NCR neither explicitly nor implicitly assumed ECI’s obligations. There was no assumption of obligations

d.      It Makes No Sense to Talk About the Continuity  
of a Corporation that Doesn’t Exist

The “mere continuation” doctrine focuses on continuation of a corporate entity, as opposed to the continuation of its business, as Raytheon acknowledges.<sup>37</sup> Raytheon’s Letter is deliberately vague about whether its argument is that ECI’s corporate entity continued as NCR or Standard Precision continued as NCR,<sup>38</sup> but neither is true. ECI continued as a separate corporation until it was sold to Raytheon’s predecessor in 1976. Standard Precision’s “corporate entity” could not have been continued in NCR through the dividend because Standard Precision had no corporate entity at the time of the dividend; Standard Precision, Inc. was dissolved into ECI in 1965, three years before NCR bought ECI.<sup>39</sup>

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<sup>34</sup> Raytheon’s Letter, p. 10. Raytheon also admits that “NCR renamed the Standard Precision Division and may have changed its focus.” Raytheon’s Letter, p. 16.

<sup>35</sup> See Exhibit 9 hereto (Prospectus), p. 16. It is Exhibit W to Raytheon’s Letter.

<sup>36</sup> See Exhibit 10 hereto (Communicator dated Sept. 3, 1976)

<sup>37</sup> 15 W. Fletcher, Cyclopaedia of Law of Private Corporations § 7124.10 (2008). See Raytheon’s Letter, p. 17.

<sup>38</sup> Raytheon’s Letter, pp. 17-18.

<sup>39</sup> See Exhibit 1.

**B. CERCLA is Retroactive**

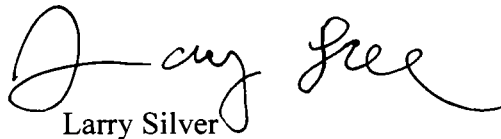
A company – like Raytheon – is liable under CERCLA for the pre-CERCLA actions of its corporate predecessors,<sup>40</sup> so Raytheon's argument that Standard Precision, Inc. had been dissolved "nearly fifty years ago" is of no moment.<sup>41</sup> ECI assumed payment of *all* of Standard Precision, Inc.'s liabilities and performance of *all* of Standard Precision, Inc.'s obligations without limitation.

(b) ECI shall assume payment of all liabilities and performance of all obligations, if any, of Standard [i.e., Standard Precision, Inc.] of every description, whether absolute or contingent.

Raytheon does not deny that it is ECI's successor. As ECI's successor, Raytheon is successor to ECI's and Standard Precision, Inc.'s liabilities.

If you have any questions, please let me know.

Sincerely,  
**Langsam Stevens & Silver LLP**



Larry Silver

cc: David M. Traster, Esq. – by regular mail

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<sup>40</sup> See, e.g., Burlington N. R.R. v. United States, 129 S. Ct. 1870, 1874-78 (2009) (railroad liable because predecessor by merger was owner); United States v. Burlington N. R.R., 200 F.3d 679, 687 (10<sup>th</sup> Cir. 1999) (railroad liable because predecessor in interest was owner).

<sup>41</sup> Raytheon's Letter, p. 18.

MINUTES OF MEETING  
of the  
BOARD OF DIRECTORS  
of  
ELECTRONIC COMMUNICATIONS, INC.

Held September 27, 1965

A meeting of the Board of Directors of ELECTRONIC COMMUNICATIONS, INC. was held at the Midday Club on the 28th Floor of the Fidelity-Philadelphia Trust Building, Philadelphia, Pennsylvania, on Monday, September 27, 1965, immediately following lunch, pursuant to notice given to all the Directors in accordance with the By-Laws of the Corporation.

The following Directors of the Corporation, constituting a quorum, were present:

Messrs. W. R. Yarnall  
C. K. Baxter  
S. W. Bishop  
D. R. Bradley  
Duncan Miller  
W. D. Roosevelt  
E. P. T. Smith, Jr.  
J. B. Williams  
G. R. Wilson.

Messrs. J. P. Crawford, Jr. and H. A. Kroeger were absent. Mr. T. G. B. Ebert, of Ballard, Spahr, Andrews & Ingersoll, was present by invitation.



Mr. C. L. Lord, Secretary of the Corporation, was present and acted as Secretary of the meeting.

Mr. W. R. Yarnall, Chairman, called the meeting to order.

The minutes of the meeting of the Board of Directors held on August 23, 1965 were unanimously approved.

Mr. Yarnall reported for the Executive Committee, stating the Committee had reviewed the results of operations for the month of August and projected earnings for the year ending September 30, 1965. The backlog is at an all-time high of \$41,500,000 and prospects are encouraging for an even higher figure by year end. A tornado struck SPI's warehouse in Wichita on September 3, 1965 but no adverse effect is expected on the Company's financial statements because the building and contents are adequately covered by insurance. The Company is still actively pursuing acquisition possibilities and Scott Electronics Company, in Orlando, Florida, and the R. L. Drake Company, of Miamisburg, Ohio, are receiving active consideration at this time.

Mr. Bishop delivered his President's Report, including a review of operations for the month of August, 1965, which indicated profits after taxes of \$31,885, or .042¢ per common share. Net income for the eleven months ended in August amounted to \$455,880,

equivalent to 62¢ per common share. The Company still expects to equal or exceed earnings reported for the fiscal year ended in 1964. The backlog continues at a high level and is expected to reach another record as of the end of September, 1965. At the present time both St. Petersburg and Benson are experiencing schedule slippages because of start-up problems involved with new programs. Benson has had, in addition, the effect of the strike which was settled in early August. Mr. Bishop reviewed the charts setting forth comparison of performance against projection for all Divisions. He stated that fiscal year 1966 forecasts will be upgraded and initial fiscal year 1967 forecasts prepared and reviewed with the Directors at the October meeting. At the same time new product development programs will also be reviewed. He concluded his report by saying that management was continuing its efforts to uncover likely acquisition candidates, and in addition to the two companies referred to in the Executive Committee report he hoped other possibilities would be available for discussion at the October meeting.

Mr. Bishop asked the Directors to give consideration to the appropriations for capital expenditures for the six month period beginning October 1, 1965 and ending March 31, 1966. After due consideration and discussion the Directors unanimously approved

the following appropriations for such period:

St. Petersburg Division:

Manufacturing	\$160,000
Engineering	85,000
Administration	<u>35,000</u>
	\$280,000
Benson Manufacturing	60,000
Standard Precision (including \$10,000 uncommitted from the prior six months appropriation)	<u>30,000</u>
	<u>\$370,000</u>

The President also asked the Directors to give consideration to an annual appropriation for charitable contributions, and after discussion the Directors approved an appropriation of \$5,000 for charitable contributions for the Corporation and its divisions and subsidiaries for the fiscal year ending September 30,, 1966. Individual contributions are to be approved at the sole discretion of the President.

The Chairman announced that the Board of Directors should next consider a proposal that its wholly owned subsidiary, Standard Precision, Inc. be completely liquidated and dissolved pursuant to the terms of the following Plan of Complete Liquidation of Standard Precision, Inc. which was presented to the meeting:

"This Plan of Complete Liquidation proposes to accomplish the complete liquidation of Standard Precision, Inc., a Kansas corporation, through the distribution by it of all of its assets in complete cancellation of all of its stock pursuant to Section 332 of the Internal Revenue Code of 1954 in the following manner:

1. When this Plan has been adopted by the Board of Directors of Standard Precision, Inc. ("Standard"), it shall be submitted to Electronic Communications, Inc., a New Jersey corporation, ("ECI"), the owner of all of the issued and outstanding stock of Standard.

2. This Plan shall be considered adopted when the Board of Directors of ECI approves the Plan and authorizes the distribution of all of the assets of Standard in complete cancellation of all of its stock.

3. After adoption of this Plan the following action shall be taken:

(a) Standard shall cease doing business and all of its properties, assets and rights of every description real, personal and mixed, tangible and intangible, wherever situated shall be transferred and distributed to ECI in complete cancellation of all the stock of Standard, and

(b) ECI shall assume payment of all liabilities and performance of all obligations, if any, of Standard of every description, whether absolute or contingent.

4. As soon as practicable after the action referred to in Section 3 of this Plan has been taken:

(a) ECI shall surrender to Standard the certificates representing all of the issued and outstanding stock of Standard and such certificates and the shares represented thereby shall be cancelled, and

(b) Standard shall formally be dissolved in accordance with the General Corporation Code of the State of Kansas."

Thereafter, upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that the foregoing Plan of Complete Liquidation of Standard Precision, Inc. and that the following resolution:

"RESOLVED, that it is deemed advisable, in the judgment of the Board of Directors, and for the benefit of the Corporation, that the Corporation should be dissolved."

which was adopted by the Board of Directors of Standard Precision, Inc., on September 27, 1965, are hereby approved.

RESOLVED, that Electronic Communications, Inc., the owner of all of the issued and outstanding stock of Standard Precision, Inc., hereby authorizes and approves of the dissolution of Standard Precision, Inc. and hereby authorizes the distribution of all of its assets in complete cancellation of all of its stock as provided in the foregoing Plan of Complete Liquidation.

RESOLVED, that the President and the Secretary are hereby authorized to execute and file a written consent to the dissolution of Standard Precision, Inc. in the name and on behalf of Electronic Communications, Inc., as the owner of all of the issued and outstanding stock of Standard Precision, Inc.

RESOLVED, that the President and Secretary are authorized and directed to execute and deliver, on behalf of this Corporation and in its name, an instrument whereby Standard Precision, Inc. transfers and assigns to this Corporation all of Standard Precision, Inc.'s assets in complete cancellation of all of Standard Precision, Inc.'s stock, against an assumption by this Corporation of all of Standard Precision, Inc.'s liabilities.

The Chairman stated that in connection with the liquidation of Standard Precision, Inc. it was necessary for the Company to make satisfactory arrangements with The Fourth National Bank and Trust Company, Wichita, relative to the bank accounts and borrowings with that financial institution. Whereupon, after motion duly made and seconded, it was unanimously

RESOLVED, that the officers of Electronic Communications, Inc. are hereby authorized to open bank accounts at The Fourth National Bank and Trust Company, Wichita, Kansas, and that they are further authorized to execute and deliver to such Bank resolutions in such form as the Bank may reasonably require, with the authorized signatures to continue to be the same as those previously authorized by Standard Precision, Inc.

RESOLVED, that W. R. Yarnall, Chairman, S. W. Bishop, President, or C. L. Lord, Treasurer, are hereby authorized to deliver to The Fourth National Bank and Trust Company, Wichita, Kansas, a note dated October 1, 1965, in an amount of \$75,000.00 with interest at the rate of 6% per annum until maturity, with payments to be paid in installments as follows:

\$5,000.00 (Five Thousand Dollars) plus accrued interest at the rate of 6% per annum payable quarterly, beginning December 1, 1965, and \$5,000.00 and accrued interest at 6%, on the 1st day of each succeeding March, June, September and December thereafter, with a final installment of \$50,000.00 plus all accrued interest due and payable on March 1, 1967.

The Chairman announced that the Directors should, in connection with the dissolution of Standard Precision, Inc., consider means of preserving the Standard Precision name in Kansas. After dis-

cussion and on motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the officers are authorized and directed to cause to be incorporated in Kansas, immediately after the dissolution of Standard Precision, Inc. becomes effective, a new Kansas corporation to be named Standard Precision, Inc.

The next meeting was scheduled for October 25, 1965, following lunch, at the Midday Club, 28th Floor, Fidelity-Philadelphia Trust Building, Philadelphia, Pennsylvania, unless otherwise agreed upon.

There being no further business to come before the Board, the meeting was, on motion duly made, seconded and carried, adjourned at 3:15 o'clock p.m.



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Secretary

AGREEMENT dated as of July 30, 1976 between NCR Corporation, a Maryland corporation, with its principal office at Main and K Streets, Dayton, Ohio, 45479, hereinafter called the "Seller", and E-Systems, Inc., a Delaware corporation, with its principal office at 1500 Pacific, Dallas, Texas, hereinafter called the "Buyer";

WHEREAS, Seller is the owner of all the issued and outstanding shares of Common Stock of Electronic Communications, Inc., a New Jersey corporation, engaged primarily in the design, development and manufacture of electronic communications systems, subsystems and equipment, hereinafter called the "Company";

WHEREAS, Seller desires to sell all of the shares of Common Stock of the Company owned by it;

WHEREAS, Buyer desires to purchase all of the shares of Common Stock of the Company owned by Seller; and

WHEREAS, the Seller and Buyer have reached an understanding with respect to the sale by the Seller and the purchase by the Buyer of said shares of Common Stock of the Company.



NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the parties hereto have agreed and do hereby agree, subject to the terms and conditions hereinafter set forth, as follows:

1. SALE OF CORPORATE SHARES. The Seller shall sell to the Buyer, all of its equity ownership represented by 1000 shares of Common Stock, par value \$1.00 per share (the "Shares") of the Company for the purchase price of \$19,000,000 (Nineteen Million Dollars) less indebtedness, if any, of Seller owed to Company, hereinafter called the "Purchase Price", and the Buyer shall purchase the Shares from the Seller at the Purchase Price subject to the terms and conditions of this Agreement.

2. CLOSING. The closing of the sale of the Shares shall take place at 1501 72nd Street North, St. Petersburg, Florida at 10:00 a.m. on August 5, 1976, or on such other date and at such other time and such other place as shall be mutually agreed upon by Seller and Buyer (herein the "Closing" or "Closing Date"). At the Closing, the Seller shall deliver to the Buyer, free and clear of all encumbrances, a certificate for the Shares to be sold by it, in negotiable form, with all requisite transfer stamps attached. Upon such delivery, the Buyer, subject to the terms and conditions hereof, shall either (a) wire transfer in federal funds to account number 00000633 at Citibank, N.A., New York, New York to the attention of Ms. Stella Jurczak or (b) deliver to the Seller a certified

or bank cashier's check in New York clearing house funds,  
payable to the order of Seller for the Purchase Price.

3. REPRESENTATIONS AND WARRANTIES. The Seller represents  
and warrants to the Buyer as follows:

(a) Share ownership. Seller is the owner, free  
and clear of any encumbrances, of the Shares.

(b) Authorization. Seller has the corporate  
power to enter into this Agreement and the execution  
and delivery and performance of this Agreement has been  
duly authorized by all requisite corporate action, and  
this Agreement has been duly executed and delivered and  
constitutes the valid and binding obligation of Seller.

(c) Organization and standing of Company. The  
Company is a corporation duly organized, validly existing,  
and in good standing under the laws of the State of New  
Jersey; the copies of the Company's Certificate of  
Incorporation, and all amendments thereof to date,  
certified by the Secretary of State of New Jersey, and  
of the Company's By-Laws, as amended to date, certified  
by the Company's Secretary, which have been delivered  
to the Buyer are complete and correct as at the date of  
this Agreement. The Company is duly licensed or qualified  
and in good standing as a foreign corporation in California,  
Florida, Kansas, Maryland, Missouri and Ohio, which are  
the only states where the nature of any material business  
transacted by it, make such license or qualification  
necessary.

(d) Subsidiaries of the Company. The Company's subsidiaries are Benson Manufacturing Company, a Missouri corporation, and Brandard Precision Incorporated, a Kansas corporation.

(e) Capitalization. The aggregate number of shares which the Company is authorized to issue is 1,000 shares of common stock, par value \$1.00 per share, all of which are issued and presently outstanding. All such issued shares have been validly issued and are fully paid and nonassessable.

(f) Financial statements. The Seller has delivered to the Buyer copies of the following financial statements, all of which are true and complete and have been prepared in accordance with generally accepted accounting principles consistently followed throughout the period indicated: (i) statement of financial position of the Company as of December 31, 1975, and as of June 27, 1976, certified by the Company's Treasurer, each of which presents a true and complete statement, as of its date, of the Company's financial condition and of its assets and liabilities; and (ii) statements of results of operations of the Company for the calendar years 1974 and 1975, and for the six months ended June 29, 1975 and June 27, 1976, certified by the Company's Treasurer, each of which accurately presents the results of the Company's operations for the periods indicated.

(g) Absence of undisclosed liabilities. Except as and to the extent reflected or reserved against in the statement of financial position of the Company as of December 31, 1975, and to the extent the Company's

Business is subject to renegotiation pursuant to applicable provisions of existing government contracts or sub-contracts, legislation or rules and regulations affecting same, the Company as of December 31, 1975 had (i) no material liabilities (whether accrued, absolute, contingent, or otherwise) of a nature customarily reflected in a statement of financial position prepared in accordance with generally accepted accounting principles including, without limitation, any tax liabilities due or to become due, and whether incurred in respect of or measured by income of the Company for any period prior to the close of business on December 31, 1975, (ii) not received a notice for renegotiation of any existing government contract or sub-contract of the Company, except as identified in the Company Schedule, pursuant to the applicable renegotiation provisions of such contracts, legislation or rules and regulations of government agencies affecting same.

(h) Absence of certain changes. Except as reflected in the Company Schedule, since December 31, 1975, there has not been (i) any material change in the Company's financial condition, assets, liabilities, or business, other than changes in the ordinary course of business, none of which has been materially adverse; (ii) any material damage, destruction, or loss, whether or not covered by insurance, materially and adversely affecting the Company's properties or business; or (iii) any material labor dispute, grievance or arbitration,

of any material event or condition of any character, materially and adversely affecting the Company's business or prospects.

(i) Tax audits. The Company's federal income tax returns have been audited by the Internal Revenue Service for all years to and including the calendar year 1972. The results of such audits are properly reflected in the statement of financial position referred to in paragraph (e) of this Section.

(j) Title to properties. The Company has good and marketable title to all its properties and assets, real and personal, as reflected in the statement of financial position of December 31, 1975 (except as since sold or otherwise disposed of in the ordinary course of business), subject to no security interests, mortgage, pledge, lien, encumbrance, or charge, except for (i) liens shown on said statement of financial position as securing specified liabilities set forth therein (with respect to which no default exists); (ii) the liens of current taxes not yet due and payable, (iii) minor imperfections of title and encumbrances, if any, which are not substantial in amount, do not materially detract from the value of the properties subject thereto, or materially impair the Company's operations, and have arisen only in the ordinary course of business, and (iv) leased property identified in the Company Schedule and properly bailed to the U.S. Government.

(k) Condition of buildings and equipment. All Company buildings and equipment are in good condition and repair, and to the best of Seller's knowledge, all such buildings and equipment and their use are in conformity with all applicable ordinances and regulations, and building, zoning and other laws.

(l) Accounts receivable. Seller has delivered to the Buyer a true and complete list, certified by the Company's Treasurer, of the Company's accounts receivable at June 27, 1976, as reflected in the statement of financial position of that date.

(m) Books of Account; Returns and Reports. The Company's books of account reflect substantially all of its items of income and expense, and all of its assets, liabilities and accruals which are reflected in the statement of financial position referred to in Section 3(f) hereof. To the best of Seller's knowledge, the Company has filed all reports, statements and returns required by any law, regulation, or contract provision to be filed and it has duly paid or accrued on its books of account all taxes, duties and charges pursuant to such reports, statements and returns, or assessed against it and the assessment of any material amount of additional taxes in excess of that reported, paid or accrued is not expected.



(h) Contracts. Except as set forth in the Company Schedule, the Company has no presently existing contract or commitment extending beyond June 30, 1977, or involving payment by the Company of more than \$50,000. True and complete copies of each contract have been made available for inspection to the Buyer at the Company's principal facility. To the best of Seller's knowledge the Company has complied with all the provisions of such instruments and of all other contracts and commitments to which it is a party, and is not in material default under any of them.

(o) Directors and officers; compensation; banks.

The Seller has delivered to the Buyer a true and complete list, as of the date of this Agreement, certified by the Company's Treasurer, showing: (i) the names of all the Company's directors, consultants and agents; (ii) the names of all persons whose compensation from the Company for the year 1975 exceed \$30,000, together with a statement of the full amount paid or payable to each such person for services rendered or to be rendered in 1976, and the basis therefor; (iii) the name of each bank in which the Company has an account, or safe deposit box, and the names of all persons authorized to draw thereon, or to have access thereto; and (iv) the names of all persons holding powers of attorney from the Company, and copies of such powers or a summary statement of the terms thereof.

(p) Litigation. Except for suits of a character incident to the normal conduct of the Company's business and which in the aggregate are not material, there is no material litigation or proceeding of any nature pending, or to the Seller's knowledge threatened, against or relating to the Company, its properties, or business, nor does Seller know or have reasonable grounds to know of any basis for any such action relative to the Company, its properties, or business.

(q) Conditions Affecting Company. Except to the extent that Seller or Company shall have advised Buyer in writing prior to the Closing Date, there are no conditions existing with respect to the Company's markets, products, facilities, personnel or raw material supplies which might have a material adverse effect on the Company's business or prospects, other than such conditions as may affect the industry in general in which the Company competes.

(r) Minute Books. The Company's minute books contain complete and accurate records of all meetings and other corporate actions of its stockholders and Board of Directors.

(s) Disclosure. No representation or warranty by the Seller in this Agreement, nor any statement or certificate furnished or to be furnished by the Seller to the Buyer pursuant hereto or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact, or



omits or will omit to state a material fact necessary to make the statements contained therein not misleading.

(t) No Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by the Seller with Buyer without the intervention of any person as the result of any act of the Seller (and so far as known to Seller, without the intervention of any other person) in such manner as to give rise to any valid claim against either party hereto for a brokerage commission, finder's fee or other like payment.

(u) Effect of Agreement. The consummation of the transaction herein contemplated will not conflict with, or result in a breach of the terms of, or constitute a default under or violation of any agreement or instrument to which the Seller is a party, or violate any order, decree or judgment of a court or administrative body binding upon Seller.

(v) Intercompany Balance. Seller has not made a charge for the investment tax credit carry-over against the Company in the intercompany balance maintained between Seller and Company.

4. **BUYER'S REPRESENTATIONS AND WARRANTIES.** The Buyer represents and warrants to the Seller as follows:

(a) Organization. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) Authorization. Buyer has the corporate power to enter into this Agreement and the execution and delivery and performance of this Agreement has been duly authorized by all requisite corporate action, and this Agreement has been duly executed and delivered and constitutes the valid and binding obligation of Buyer.

(c) No Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by the Buyer with Seller without the intervention of any person as the result of any act of the Buyer (and, so far as known to the Buyer, without the intervention of any other persons) in such manner as to give rise to any valid claim against either party hereto for a brokerage commission, finder's fee or other like payment.

(d) Effect of Agreement. The consummation of the transaction herein contemplated will not conflict with, or result in a breach of the terms of, or constitute a default under or violation of any agreement or instrument to which the Buyer is a party, or violate any order decree or judgment of a court or administrative body binding upon Buyer.

5. ACCESS AND INFORMATION.

(a) Seller shall cause the Company to give access to the Buyer's counsel, accountants and other representatives during normal business hours throughout the period prior to the Closing, subject to applicable

security regulations restricting access to classified documents pursuant to government contracts or subcontracts, legislation or rules and regulations applicable to the Company's operation, to all of the Company's properties, books, contracts, commitments, and records, and shall furnish subject to such regulations the Buyer during such period with all such information concerning the Company's affairs as the Buyer reasonably may request.

(b) All information not previously disclosed to the public or generally known to persons engaged in the respective businesses of Company which shall have been furnished to the Buyer as provided above shall not be disclosed to any person other than legal counsel, accountants or agents in confidence or used for any purpose other than as contemplated herein.

(c) In the event that the transaction contemplated herein shall not be consummated, all such information which shall be in writing shall be returned to the Company, including to the extent reasonably practicable, copies or reproductions thereof which may have been prepared, and Buyer shall not at any time thereafter disclose to third parties, or use, directly or indirectly, for its own benefit, any such information, written or oral, about the business of the Company.

6. CONDUCT OF BUSINESS PENDING CLOSING. The Seller covenants that, pending the closing:

(a) The Company's business will be conducted only in the ordinary course.

(b) No change will be made in the Company's Certificate of Incorporation or By-Laws, except as may be first approved in writing by the Buyer, which approval shall not be unreasonably withheld.

(c) No change will be made in the Company's authorized or issued shares of Common Stock.

(d) No dividend or other distribution or payment will be declared or made in respect of the Company's shares of Common Stock.

(e) No increase will be made in the compensation payable or to become payable by the Company to any officer, nor will any bonus payment or arrangement be made by the Company to or with any officer, employee, or agent thereof.

(f) No contract or commitment will be entered into by or on behalf of the Company extending beyond June 30, 1977, except normal commitments for the purchase of raw materials and supplies which in any single case will not involve payment by the Company of more than \$50,000.

(g) No change will be made affecting the personnel, compensation payments, or banking or safe deposit arrangements referred to in paragraph (c) of Section 3, without the Buyer's prior written approval.

(h) Except as otherwise requested by the Buyer, the Seller will cause the Company to use its best efforts to preserve the Company's business organization intact; to keep available to the Company the services of its present officers; and to preserve for the Company the goodwill of its suppliers, customers, and others having business relations with the Company.

1.7. CONDITIONS PRECEDENT TO THE OBLIGATION OF BUYER.  
All obligations of the Buyer under this Agreement are subject to the fulfillment, prior to or at the Closing of each of the following conditions:

(a) Representations and warranties true at Closing.

The Seller's representations and warranties contained in this Agreement shall be true as of the Closing Date as though such representations and warranties were made at such time.

(b) Performance. The Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with prior to or at the Closing.

(c) Officers' certificate. The Seller shall have delivered to the Buyer a certificate of the Seller's Vice President, dated the Closing Date, certifying in such detail as the Buyer may specify to the fulfillment of the conditions specified in paragraphs (a) and (b) of this Section.

(d) Opinion of counsel. The Seller shall have delivered to the Buyer an opinion of counsel, dated the Closing Date, that the Company's corporate existence, good standing, and authorized and issued Common Stock are as stated in Sections 3(c) and (e); that the Company has good and marketable title to all its property and assets as set forth in Section 3(j); and that, except as may be specified by such counsel, he does not know of any material litigation or proceeding, pending or threatened against, or relating to, the Company, its properties, or business.

(e) Changes in Company Directors. The Seller shall make available to the Buyer, unless otherwise requested by it, the written resignations of the Company's directors effective as of the Closing Date and any Company officer who is not a full-time employee of the Company.

(f) Closing Audit. Seller shall have afforded an opportunity to the independent auditors and accountants of the Buyer, prior to the date hereof, to prepare financial statements of the Company as of July 25, 1976 by causing the Company to disclose to Buyer's independent auditors and accountants books and records and other information reasonably necessary to prepare such financial statements.

(g) Delivery of Minute Book and Seals. Seller shall or shall have caused Company to deliver to Buyer the Company's minute book and all Corporate seals in the possession of any person whose resignation is called for herein.

8. CONDITIONS PRECEDENT TO THE OBLIGATION OF SELLER. All obligations of the Seller under this Agreement are subject to the fulfillment prior to or at the Closing, of each of the following conditions:

(a) Representations and warranties true at Closing. The Buyer's representations and warranties contained in this Agreement shall be true at the time of Closing as though such representations and warranties were made at such time.

(b) Performance. The Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with prior to or at the Closing.

(c) Officers' certificate. The Buyer shall have delivered to the Seller a certificate of a Vice President of Buyer, dated the Closing Date, certifying in such detail as the Seller may specify to the fulfillment of the conditions specified in paragraphs (a) and (b) of this Section.



(d) Consents Obtained. Buyer shall have delivered to Seller the written consent or approval, in form and substance satisfactory to Seller, of each person whose consent of approval shall be required in order to permit Buyer to consummate the transaction.

(e) Opinion of Buyer's Counsel. Buyer shall have delivered to Seller an opinion of its Counsel, dated Closing Date, in form and substance satisfactory to Seller, to the effect that all corporate acts and other proceedings required to be taken by Buyer to authorize the carrying out of this Agreement have been duly and properly taken and this Agreement has been duly executed and delivered by Buyer and constitutes the valid and binding obligation of Buyer.

(f) Buyer's Certificate for OEM Agreement. Buyer shall have delivered to Seller a certificate, signed by a duly authorized officer, certifying that Buyer shall cause Company to perform under the OEM agreement dated as of July 30, 1976 covering the sale of thermal wafers by Company to Seller in the form of Exhibit A annexed hereto.

9. PURCHASE FOR INVESTMENT. The Buyer represents that its purchase hereunder is being made for its own account for investment, and with no present intention of resale.

10. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS. All representation, warranties and covenants in or pursuant to this Agreement shall be deemed to be conditions to the Closing and shall not survive the Closing except as provided in Section 12 hereof.



## 11. TERMINATION

(a) Means of Termination. This Agreement may be terminated and the transaction contemplated by the Agreement abandoned at any time:

(i) by the mutual consent of the respective Boards of Directors of Seller and Buyer;

(ii) by the Board of Directors of Buyer if the representations and warranties of Buyer contained in this Agreement shall not be substantially accurate in all material respects; or the conditions and covenants of Buyer contained in this Agreement shall not have been performed or satisfied in all material respects within the time required for such performance;

(iii) by the Board of Directors of Seller if the representations and warranties of Seller contained in this Agreement shall not be substantially accurate in all material respects; or the conditions and covenants of Seller contained in this Agreement shall not have been performed or satisfied in all material respects within the time required for such performance;

Such termination may be effected only by the delivery of written notice thereof to the other party hereto at any time prior to but not after the Closing.

(b) Automatic Termination. This Agreement shall terminate on August 31, 1976 if the transaction contemplated

heraby shall have not become effective as contemplated in the Agreement unless the Boards of Directors of Seller and Buyer shall have otherwise agreed in writing prior to such date.

12. OBLIGATIONS OF SELLER AND BUYER SUBSEQUENT TO CLOSING.

(a) Frequencies Held by Sparks, Inc. Seller and Buyer recognize that the frequency allocations and/or licenses described on the attached Schedule A (herein "Licenses") held by Sparks, Inc., Seller's wholly-owned subsidiary, are essential to the Company's business. Seller agrees to cooperate with Buyer and/or Company in order to obtain the approval of the Federal Communications Commission to transfer such Licenses to Company, Buyer or such other entity or person that Buyer may reasonably designate. Seller agrees to cause Sparks to maintain such Licenses until same are transferred as licensable above. Further, Seller agrees to make the Licenses available for the exclusive use by Company until such Licenses are transferred as described above on the same basis that Seller has caused Sparks to make such Licenses available to Company for its use prior to the Closing Date. In consideration of such cooperation and availability of licenses, Buyer agrees to reimburse Seller for all expenses incurred by it pursuant to this paragraph.

(b) Benson Pension Plan. Seller and Buyer agree that (i) Company shall retain all responsibility for the administration of and payments from the Benson

Pension Plan, (ii) Seller shall indemnify and hold Company and Buyer harmless from any and all liability and out-of-pocket expense which may be associated with the Benson Pension Plan and (iii) Buyer shall or cause Company to promptly notify Seller of any claim made against Buyer or Company under the Benson Pension Plan, forward copies of any document, instrument or notices pertaining thereto to Seller promptly upon receipt, and secure approval of payment from Seller prior to making any payment pursuant to the Benson Pension Plan.

(c) Pension Benefits of Company's Employees Under Seller's Pension Plan. Seller and Buyer recognize that there are certain current employees of Company who have prior vested benefits, or benefits which may vest hereafter, pursuant to pension plans established by Seller for the benefit of its employees. Seller and Buyer agree to exchange a list of employees who have vested benefits or may vest under Seller's pension plans as required to establish the accrued benefit under the Company's plans. Seller and Buyer further agree that any pension benefit payable pursuant to Seller's or Company's plan upon death or retirement (including normal, disability or early retirement) to such employees shall be paid pursuant to respective terms of each pension plan. Seller and Buyer will cause each pension plan to pay its portion of the total benefit. Buyer agrees to furnish or cause the Company

to furnish to Seller the name of each employee, identified on the abovementioned list upon his retirement and all such information as Seller may reasonably request pertaining to such employee to initiate pension payments, if any, from Seller's pension plan.

(d) Pension Benefits of Seller's Employees Under Company's Pension Plans. Seller and Buyer recognize that there are certain current employees of Seller who have prior vested benefits, or benefits which may vest hereafter, pursuant to pension plans established by Company or the benefit of its employees. Seller and Buyer agree to exchange a list of employees who have vested benefits or may vest under Company's pension plans as required to establish the accrued benefit under the Seller's plans. Seller and Buyer further agree that any pension benefit payable pursuant to Seller's or Company's plan upon death or retirement (including normal, disability or early retirement) to such employees shall be paid pursuant to respective terms of each pension plan. Seller and Buyer will cause each pension plan to pay its portion of the total benefit. Seller agrees to furnish to Company or Buyer the name of each employee identified on the abovementioned list upon his retirement and all such information as Company or Buyer may reasonably request pertaining to such employee to initiate pension payments, if any, from Company's pension plan.

(e) Government Claims. Seller agrees to indemnify and hold Buyer harmless from all costs, including legal fees, expenses and damages, resulting from any claims filed against the Company within (i) thirty-six months of the Closing Date by the Renegotiation Board (the "Board") or the contracting officer for a government contract or sub-contract of the Company based on defective pricing, violation of cost accounting standards, or disallowance of costs in connection with such government contracts or sub-contracts of the Company completed prior to June 27, 1976 or government contracts or sub-contracts in process for which notices for any claim, or renegotiation by the Board, were filed with the Company prior to January 1, 1976; provided, however, that any such claim resulting from a change adopted by the Company after the Closing Date such as, but not limited to, changes in accounting practices, valuation methods of pension funding and actuarial assumptions shall not be subject to indemnification by Seller and (ii) twenty-four months of the Closing Date by the Equal Employment Opportunity Commission or the Occupational Health and Safety Administration; provided, however, that such indemnity shall only extend to (a) any cause of action resulting from acts or omissions of the Company prior to the Closing Date and (b) to the extent a cause of action is founded upon acts or omissions before and after the Closing Date, for a pro-rata amount of any such costs, expenses and damages covering the period prior to the Closing Date.

(f) Company Purchases from Seller. Seller hereby agrees to honor all purchase orders, providing for usual and customary terms, submitted by Company to Seller for printer parts and related materials and supplies at a price equal to 125% of MLB (fully-loaded costs of material, labor and burden) of such printer parts and related materials and supplies for a three year period following Closing.

(g) Tax Claims. Seller agrees to indemnify and hold Buyer and Company harmless against all taxes due or to become due through the Closing Date and for all periods prior thereto, including interest, penalties or other charges assessed in connection therewith which have not been paid or not accrued in the Company's books and records as of June 27, 1976; provided, however, that Seller shall not be obligated to indemnify and hold Buyer and Company harmless if Buyer or Company, through an act of Buyer or Company subsequent to Closing, cause the taxes due or to become due to increase.

(h) Technology Ownership and Licenses. To the best of Seller's knowledge and belief, Exhibits 1 and 2 set forth a complete listing as of the Closing Date of all domestic patents, patent applications and technical disclosures which have emanated from the Company, and that no patent, patent application or technical disclosure has been assigned by Company to any third party, excepting Seller, for a period of six (6) months prior to closing.

Seller and Buyer agree that

(i) Title to the patents, patent applications, and technical disclosures set forth in Exhibit 1 will vest with Buyer, at the Closing, and Buyer agrees to grant to Seller, at Closing, an irrevocable, fully paid-up, worldwide, non-exclusive, non-assignable and royalty free license to the patents, patent applications, and technical disclosures set forth in Exhibit 1. Buyer further agrees to grant to Seller the right to sub-contract for the manufacture of any product covered by one or more of the items set forth in Exhibit 1.

(ii) Title to the patents, patent applications, and technical disclosures set forth in Exhibit 2 will vest with the Seller, at the Closing, and Seller agrees to grant to Buyer, at Closing, an irrevocable, full paid-up worldwide, non-exclusive, non-assignable, and royalty free license with the non-exclusive right to sublicense, under the patents, patent applications, and technical disclosures set forth in Exhibit 2. Seller will maintain the option of approval of any sublicense to be granted by Buyer or Company on any of the items set forth in Exhibit 2 and their associated foreign counterparts.

Buyer and Seller shall each have the right to bring suit in its own name (or join the other party if required by law), and at its own expense, to enforce the patents listed on or resulting from applications or disclosures set forth in Exhibit 2.

(iii) All foreign patents, patent applications and foreign applications filed or to be filed on the technical disclosures set forth in Exhibits 1 and 2 will follow the respective title and licensing relationships set forth in their respective Exhibits.

(iv) Equitable title to the items set forth in this paragraph (h) will vest immediately upon Closing. Formal assignments evidencing legal title will be transmitted to the respective parties within sixty (60) days of Closing, but in no case later than sixty (60) days after the filing date afforded to an application which emanates from a disclosure presently listed under the major title of Disclosures as set forth in either Exhibit 1 or Exhibit 2.

(v) The party to which title to the items of Exhibits 1 and 2 is vested shall notify the other party of any listed disclosures which it decides not to file U.S. patent applications on, and in which foreign countries patent applications will be filed. The



non-title party shall then have the right in its own name and at its own expense, to file such applications in the United States or foreign countries in which patent applications will not be filed by the title party, and the title party after having declined such filings, and at the request of the non-title party, shall execute whatever documents required to effect such filing in the name of the non-title party.

Seller further agrees:

(i) that any and all Trademarks, Servicemarks, Copyrights, Trade Secrets, Proprietary Data, and Licenses which are the property of the Company prior to the Closing Date, shall be the property of the Company and Buyer after the Closing Date.

(ii) to indemnify Buyer against damages resulting from suits for any infringement by the Company of any third party domestic patent rights, which infringement occurred solely prior to the Closing Date. In the event that the infringement occurred partially before closing and partially after closing, Seller and Buyer agree that each will assume a pro rata share of the defense, expenses, and damages, resulting therefrom.

(iii) not to hold the Company or the Buyer liable for any infringement of any of Seller's patents, trade secrets or copyrights, which infringement or practice would be based upon the continued production, use or sale or a practice related thereto of a product commenced or anticipated to commence prior to the Closing Date.

(iv) to deliver to Buyer all domestic and foreign patent files in its possession which are related to the items set forth in Exhibit 1 within 60 days of Closing. The Purchase Price as defined herein includes appropriate consideration for the assignments and licenses set forth in this paragraph, and no additional consideration shall be due either Buyer or Seller for such assignments and/or licenses.

(v) to grant to Buyer under Seller's thermal printer related patents the non-exclusive worldwide right to sub-license others to make, have made, use and sell any of the Company's products in existence prior to Closing only for non-commercial government applications in consideration of Buyer paying to Seller 50% of the royalties received under said sub-licenses, excepting any payment of royalties under sub-licenses presently in existence.

(1) Permuter Matter. Seller and Buyer agree that Company's inventory as reflected in the Company's statement of financial position as of June 27, 1976



includes permitters which Company may or may not be able to sell. Seller and Buyer further agree that to the extent Company cannot sell such permitters within three years of Closing, Seller shall pay an amount equal to \$100,000 less any value received upon the sale of such permitters by Company.

(j) Former Minority Shareholders of Company.

Seller agrees to indemnify and hold Buyer and Company harmless from any and all liability, in excess of the reserve established therefor on the Company's books of \$23,320.72, to the former shareholders of predecessor companies to Company; provided, however, that Company shall advise Seller of any claims received from such persons and Seller shall have approved all payments made to such persons by the Company.

(k) Current Account Transactions. Seller and Buyer agree that any payments due Company or Seller resulting from transactions conducted in the normal course of business between Company and Seller shall be paid within thirty days after the Closing.

(l) Indebtedness of Company. Seller and Buyer agree that Company has established credit arrangements with Chemical Bank, 20 Pine Street, New York, New York, and that letters of credit as reflected in the Company Schedule are currently outstanding and guaranteed by Seller. Buyer agrees to indemnify and hold Seller harmless against claims, suits or actions and the related costs, including legal fees, expenses and damages incurred

as a result of said guaranty or due to any other guaranty of the Company's indebtedness by Seller prior to the Closing Date.

### 13. GENERAL

(a) Expenses. Buyer and Seller shall pay their respective expenses incident to the preparation and carrying out of this Agreement and the consummation of the transaction contemplated herein.

(b) Headings. The headings of the several sections of this Agreement are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning of interpretation of this Agreement.

(c) Counterparts. This Agreement may be executed in counterparts, and when so executed each counterpart shall be deemed to be an original and said counterparts together shall constitute one and the same instrument.

(d) Waiver. Either party may, by written notice to the other, waive (i) any of the conditions to its obligations hereunder or extend the time for the performance of any of the obligations or actions of the other, (ii) any inaccuracies in the representations of the other contained in this Agreement or in any documents delivered pursuant to this Agreement, (iii) compliance with any of the covenants of the other contained in this Agreement, or (iv) modify performance of any of the obligations of the other. No action taken pursuant to this Agreement, and no investigation by or on behalf of any party before or after the execution of this Agreement, shall be

deemed to constitute a waiver by the party taking such action of compliance with, or any modification of the terms of, any representation, warranty, condition or agreement contained herein. Waiver of the breach of any one or more provisions of this Agreement shall not be deemed or construed to be a waiver of other breaches or subsequent breaches of the same provisions.

(e) Other Agreements. All written agreements heretofore made between the parties hereto in contemplation of this Agreement are superseded by this Agreement and are hereby terminated in their entirety.

(f) Notices. All notices, requests, demands or other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered or mailed, certified or registered mail, postage prepaid:

(i) To Seller:

NCR Corporation  
World Headquarters  
Dayton, Ohio 45479

ATTN: J. J. Hangen  
Senior Vice President  
Corporate Affairs

(ii) To Buyer:

E-Systems, Inc.  
P.O. Box 6030  
Dallas, Texas 75222

ATTN: James W. Crowley, Esq.  
Vice President, Secretary &  
General Counsel

(g) Applicable Law. This Agreement shall be governed by the laws of the State of Ohio.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

Attest: (Seal)

NCR CORPORATION

By \_\_\_\_\_

Attest: (Seal)

E-SYSTEMS, INC.

By \_\_\_\_\_

CERTIFICATE OF OWNERSHIP AND MERGER

MERGING

REC-6122 PAGE 65

ELECTRONIC COMMUNICATIONS, INC.

INTO

E-SYSTEMS, INC.

\* \* \* \* \*

E-Systems, Inc., a corporation organized and existing under the laws of Delaware,

DOES HEREBY CERTIFY:

FIRST: That this corporation was incorporated on the 28th day of December, 1964, pursuant to the Corporation Law of the State of Delaware.

SECOND: That this corporation owns all of the outstanding shares of the stock of Electronic Communications, Inc., a corporation incorporated on the 3rd day of December, 1971, pursuant to the Corporation Law of the State of New Jersey.

THIRD: That this corporation, by the following resolutions of its Board of Directors, duly adopted at a meeting held on the 25th day of August, 1976, determined to and did merge ~~into itself~~ said Electronic Communications, Inc.:

RESOLVED: That the Corporation hereby approves and adopts a Joint Plan of Merger and Agreement of Merger of Electronic Communications, Inc., a wholly-owned subsidiary of the Corporation, pursuant to applicable provisions of the New Jersey Corporation Law, such Plan to include orderly liquidation of the subsidiary pursuant to Section 332 of the Internal Revenue Code in order to establish a basis in the assets of the merged corporation pursuant to Section 334(b)(2) of the Internal Revenue Code.


RESOLVED: That a copy of the Joint Plan of Merger and Agreement of Merger in final form shall be retained by the Secretary of the Corporation as an exhibit to these minutes.

FURTHER RESOLVED: That the officers of the Corporation are each authorized and directed to take such actions and enter into such agreements and make such statutory filings and reports as may be necessary to effect the merger of Electronic Communications, Inc., and E-Systems, Inc., with E-Systems, Inc., the surviving corporation, in order that the business of Electronic Communications, Inc., may be operated as a division of E-Systems, Inc.

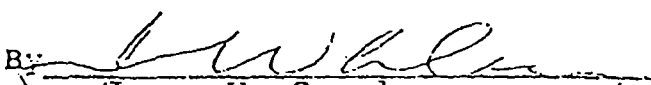
IN WITNESS WHEREOF, said E-Systems, Inc. has caused this certificate to be signed by James W. Crowley, its Vice President Secretary and General Counsel, and attested by Patsy J. Martin, its Assistant Secretary, this 1st day of September, 1976.

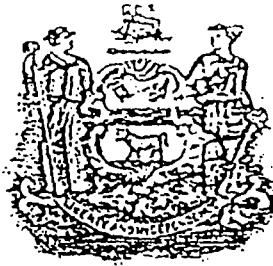
E-SYSTEMS, INC.

ATTEST:

  
Patsy J. Martin,  
Assistant Secretary

By

  
James W. Crowley  
Vice President, Secretary  
and General Counsel



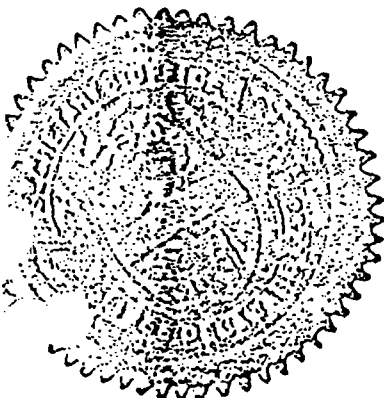
REC 6122 PAGE 661

# State of DELAWARE

Office of SECRETARY OF STATE

I, Robert H. Reed, Secretary of State of the State of Delaware, do hereby certify that the above and foregoing is a true and correct copy of Certificate of Ownership of the "E-SYSTEMS, INC.", a corporation organized and existing under the laws of the State of Delaware, merging "ELECTRONIC COMMUNICATIONS INC.", a corporation organized and existing under the laws of the State of New Jersey pursuant to Section 253 of the General Corporation Law of the State of Delaware, as received and filed in this office the first day of September, A.D. 1976, at 3 o'clock P.M.

In Testimony Whereof, I have hereunto set my hand  
and official seal at Dover this first day  
of September in the year of our Lord  
one thousand nine hundred and seventy-six.



*Robert H. Reed*

Robert H. Reed

Secretary of State

*RH Reed*

JOINT PLAN OF MERGER  
AND  
AGREEMENT OF MERGER  
BETWEEN  
E-SYSTEMS, INC.  
AND  
ELECTRONIC COMMUNICATIONS, INC.  
WITH  
E-SYSTEMS, INC.  
AS  
SURVIVING CORPORATION

WHEREAS, E-Systems, Inc., hereinafter called E-Systems or the Surviving Corporation, is a Delaware corporation with its principal place of business at Dallas, Texas; and

WHEREAS, Electronic Communications, Inc., hereinafter called ECI, is a New Jersey corporation with its principal place of business at St. Petersburg, Florida; and

WHEREAS, the aggregate number of shares that ECI is authorized to issue is 1,000 common shares at a par value of \$1.00 each, all of which shares are outstanding and are owned legally and beneficially by E-Systems; and

WHEREAS, E-Systems owns 100% of ECI outstanding shares and desires to liquidate ECI and to merge ECI into E-Systems pursuant to the applicable statutes of Delaware and New Jersey, to cancel all outstanding shares of ECI, and to combine the properties, businesses, assets, and liabilities of both companies into one surviving corporation which shall be E-Systems, Inc.; and



WHEREAS, E-Systems desires to utilize Internal Revenue Code §§332 and 334(b)(2) so that taxable gain or loss is not recognized on this transaction of liquidation and merger, and so that the property distributed in complete liquidation of ECI will be received by E-Systems at a basis equal to the adjusted basis of all outstanding ECI shares purchased in their entirety by E-Systems for \$19 million.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto in accordance with the applicable provisions of the laws of the States of Delaware and New Jersey do hereby agree as follows:

1. Merger. ECI shall be merged with and into E-Systems, and E-Systems does hereby merge ECI with and into itself. On and after the effective date of this contemplated merger:

(a) E-Systems shall be the Surviving Corporation, and shall continue to exist as a domestic corporation under the laws of Delaware, with all of the rights and obligations of such surviving domestic corporation as are provided by Delaware Corporation Law.

(b) ECI, as the corporation to be liquidated and merged, shall cease to exist, and its property shall be distributed to E-Systems as the Surviving Corporation.

2. Articles of Incorporation; Bylaws. The Articles of Incorporation of E-Systems, as amended, and the Bylaws of

E-Systems shall continue as the Articles of Incorporation and Bylaws of the Surviving Corporation.

3. Directors. The Directors of E-Systems shall be the Directors of the Surviving Corporation until their successors are duly elected and qualified under the Bylaws of the Surviving Corporation.

4. Shares of Survivor. No change in the capital accounts of E-Systems or in the number or constituent terms of any securities of E-Systems shall be effected by the merger.

5. Cancellation of ECI Shares. All authorized and outstanding common shares of ECI, such shares being owned in their entirety by E-Systems, and all rights in respect thereof, shall be canceled forthwith on the effective date of the merger, and the certificates representing such shares shall be surrendered and canceled.

6. Indebtedness of NCR Corporation to ECI. It is hereby agreed that the amount of \$1 million owed by NCR Corporation, Dayton, Ohio, to ECI was deemed as of the closing of the sale of ECI to E-Systems, to be an indebtedness owed by E-Systems to ECI, and that such indebtedness shall survive the liquidation and merger contemplated by this Agreement.

7. Authorization. The proper officers of each corporation shall, and are hereby authorized and directed to, perform all such further acts and execute and deliver to the proper authori-

ties for filing all documents necessary or proper to render effective the merger contemplated by this Plan and Agreement.

8. Qualification. The proper officers of ESY shall, and are hereby authorized and directed to, perform all such further acts and execute and deliver to the proper authorities for filing all documents necessary or proper to duly qualify E-Systems to do business in those jurisdictions where ECI would have had to have been so qualified.

9. Effect of Merger. When the merger becomes effective, all the rights, privileges, powers, and franchises and all property and assets of every kind and description of ECI shall be vested in and held and enjoyed by the Surviving Corporation, without further act or deed; and all the estates and interests of every kind of ECI, including all debts due to either of them on whatever account, shall be as effectually the property of the Surviving Corporation as they were of ECI; and the title to any real estate vested by deed or otherwise in ECI shall not revert or be in any way impaired by reason of this merger; and all rights of creditors and all liens upon any property of ECI shall be preserved unimpaired; and all debts, liabilities, and duties of ECI shall thenceforth attach to the Surviving Corporation and may be enforced against it to the same extent as if such debts, liabilities, and duties had been incurred or contracted by it.

To the extent permitted by law, from time to time, as and when requested by the Surviving Corporation or by its successors or assigns, ECI shall execute and deliver, or cause to be executed and delivered, all such deeds and instruments, and to take, or cause to be taken, such further or other action as the Surviving Corporation may deem necessary or desirable in order to vest in and conform to the Surviving Corporation title to, and possession of, any property of ECI acquired or to be acquired by reason of or as a result of the merger herein provided for, and otherwise to carry out the intent and purposes hereof; and the proper officers and directors of ECI and the proper officers and directors of the Surviving Corporation are fully authorized, in the name of ECI or otherwise, to take any and all such action.

10. Abandonment of Plan. Notwithstanding any of the provisions of this Agreement, the Directors of E-Systems at any time prior to the effective date of the merger herein contemplated, and for any reason they may deem sufficient and proper, shall have the power and authority to abandon and refrain from making effective the contemplated merger as set forth herein; in which case this Plan and Agreement shall thereby be canceled and become null and void.

IN WITNESS WHEREOF, E-Systems and ECI have caused this Agreement to be executed in their corporate names by their

respective officers, as resolved by majorities of their board of directors, on this 1st day of September, 1976.

E-SYSTEMS, INC.

By John W. Dixon  
John W. Dixon, President

Attest:

James W. Crowley  
James W. Crowley, Secretary

ELECTRONIC COMMUNICATIONS, INC.

By Virgil B. Pettigrew  
Virgil B. Pettigrew, Vice President

Attest:

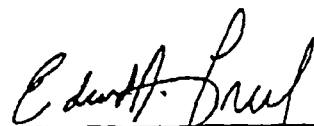
Patsy J. Martin  
Patsy J. Martin, Asst. Secretary

State of Delaware  
*Office of the Secretary of State* PAGE 1

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I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES:  
"RTN ACQUISITION CORPORATION", A DELAWARE CORPORATION,  
WITH AND INTO "E-SYSTEMS, INC." UNDER THE NAME OF  
"E-SYSTEMS, INC.", A CORPORATION ORGANIZED AND EXISTING UNDER  
THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS  
OFFICE THE EIGHTH DAY OF MAY, A.D. 1995, AT 3:51 O'CLOCK P.M.



  
Edward J. Freel, Secretary of State

AUTHENTICATION:

DATE: 7499382

2493566 8100M

950101901

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**CERTIFICATE OF OWNERSHIP AND MERGER**

**MERGING**

**RTN ACQUISITION CORPORATION**

**INTO**

**E-SYSTEMS, INC.**

Pursuant to Section 253 of the General Corporation Law of the State of Delaware


RTN Acquisition Corporation, a Delaware corporation ("RTN Acquisition"), desiring to merge itself with and into E-Systems, Inc., a Delaware corporation ("E-Systems") and subsidiary of RTN Acquisition, pursuant to Section 253 of the General Corporation Law of the State of Delaware does hereby certify as follows:

- FIRST:** RTN Acquisition is incorporated under the General Corporation Law of the State of Delaware (the "DGCL").
- SECOND:** RTN Acquisition owns at least ninety percent (90%) of the outstanding shares of Common Stock, par value \$1.00 per share (the "Shares") of E-Systems which has no class of stock outstanding other than the Shares.
- THIRD:** By unanimous written consent of its Board of Directors dated May 2, 1995, RTN Acquisition has determined to merge with and into E-Systems pursuant to Section 253 of the DGCL with E-Systems being the surviving corporation (the "Merger"). A true copy of said resolutions are annexed hereto as Exhibit A and incorporated by reference herein. Said resolutions have not been modified or rescinded and remain in full force and effect on the date hereof.
- FOURTH:** The Merger has been approved by the sole stockholder of RTN Acquisition by unanimous written consent.
- FIFTH:** The Merger shall become effective upon the filing of this Certificate of Ownership and Merger with the Secretary of State of the State of Delaware in accordance with Sections 103 and 253 of the DGCL.

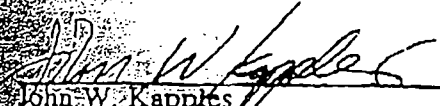
IN WITNESS WHEREOF, RTN Acquisition Corporation has caused this Certificate of Ownership and Merger to be executed by its duly authorized officers of this second day of May, 1995.

RTN Acquisition Corporation

By:

  
Christoph L. Hoffmann  
President

ATTEST:

  
John W. Kapples  
Assistant Secretary

RECEIVED MAY 11 1995

05-09-95 MON 18:34 FAX 1-800-851-7700



**EXHIBIT A**

**WHEREAS**, the Corporation is the legal and beneficial owner of at least 90% of the outstanding shares of Common Stock, par value \$1.00 per share (the "Shares"), of E-Systems, Inc., a Delaware corporation ("E-Systems"), which has no class of stock issued and outstanding other than the Shares; and

**WHEREAS**, the Board of Directors of the Corporation deems it advisable and in the best interest of the Corporation to merge (the "Merger") with and into E-Systems pursuant to the terms and conditions of the Agreement and Plan of Merger (the "Merger Agreement") dated as of April 2, 1995 among Raytheon Company ("Raytheon"), the Corporation and E-Systems, with E-Systems being the surviving corporation (the "Surviving Corporation"); and

**WHEREAS**, Raytheon, the sole stockholder of the Corporation, has approved the Merger.

**NOW THEREFORE, BE IT RESOLVED**, that the Merger be, and it hereby is, approved upon the terms and conditions set forth in the Merger Agreement, including the following:

***Certificate of Incorporation of the Surviving Corporation.*** At the effective time of the Merger (the "Effective Time"), the Certificate of Incorporation of the Surviving Corporation shall be amended and restated to be and read as set forth in Appendix I hereto.

***By-Laws of the Surviving Corporation.*** The By-laws of the Surviving Corporation shall be the By-laws of the Corporation immediately prior to the Effective Time.

***Directors of the Surviving Corporation.*** The Directors of the Surviving Corporation shall be the Directors of the Corporation immediately prior to the Effective Time until their respective successors are duly elected and qualified.

***Officers of the Surviving Corporation.*** The Officers of the Surviving Corporation shall be the Officers of E-Systems immediately prior to Effective Time until their respective successors are duly elected and qualified.

***Conversion of Shares.*** At the Effective Time, by virtue of the Merger and without any action on the part of the holders thereof:

- (i) Each share of capital stock of the Corporation outstanding immediately prior to the Effective Time shall be converted into and become one validly issued, fully-paid and nonassessable share of Common Stock, par value \$1.00 per share, of the Surviving Corporation.

- (ii) Each Share outstanding immediately prior to the Effective Time (other than Shares owned by Raytheon, the Corporation or any subsidiary of Raytheon or the Corporation or held in the treasury of E-Systems -- all of which shall be canceled -- and Dissenting Shares (defined below)) shall be converted into the right to receive \$64.00 net to its holder in cash (the "Merger Consideration"), payable to the holder thereof, without interest thereon, upon surrender of the certificate formerly representing such Share.
- (iii) Options to purchase Shares heretofore granted under any stock option or stock appreciation rights plan, program or arrangement of E-Systems which are outstanding as of the Effective Time will be canceled or purchased, as the case may be, as promptly after the Effective Time as possible so as not to subject the holder thereof to any liability pursuant to Section 16 of the Securities Exchange Act of 1934, and such holder will be entitled to receive from the Surviving Corporation at the time of such cancellation or purchase for each Share subject to such an option, an amount equal to the excess, if any, of the Merger Consideration over the per share exercise price of such option.

*Dissenting Shares.* Each Share outstanding immediately prior to the Effective Time which is held by a holder who has demanded appraisal rights with respect thereto in accordance with Section 262 of the General Corporation Law of the State of Delaware (the "DGCL") (the "Dissenting Shares") shall not be converted into or represent the right to receive the Merger Consideration; provided, however, that if any holder of Dissenting Shares shall subsequently fail to perfect or withdraw such demand for appraisal of such Shares or otherwise lose the right to appraisal as provided in Section 262 of the DGCL, such Shares shall be treated as if they had been converted as of the Effective Time into the right to receive the Merger Consideration to which such holder is entitled without interest or dividends thereon.

**RESOLVED**, that the proper officers of the Surviving Corporation be, and they hereby are, directed within ten days after the Effective Time to notify each stockholder of record of E-Systems immediately prior to the Merger entitled to notice that the Merger has become effective and that appraisal rights are available for any or all of the Shares pursuant to Section 262 of the DGCL; and further

**RESOLVED**, that the officers of the Corporation be, and they hereby are, authorized and directed to execute, in the name and on behalf of the Corporation, and file, in accordance with Sections 103 and 253 of DGCL, a Certificate of Ownership and Merger reflecting these resolutions and to do and take or cause to be done or taken all things and acts, within or without of the State of Delaware, and to execute such certificates, instruments and documents as they, in their discretion, shall deem necessary or desirable to effect the Merger.

State of Delaware  
*Office of the Secretary of State*

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PAGE 1

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES:

"RAYTHEON E-SYSTEMS, INC.", A DELAWARE CORPORATION,

WITH AND INTO "RAYTHEON COMPANY" UNDER THE NAME OF "RAYTHEON COMPANY", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE TWENTIETH DAY OF DECEMBER, A.D. 2001, AT 12 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF OWNERSHIP IS THE THIRTY-FIRST DAY OF DECEMBER, A.D. 2001.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



*Harriet Smith Windsor*  
Harriet Smith Windsor, Secretary of State

0472015 8100M

AUTHENTICATION: 1521536

DATE: 12-21-01

FROM CORPORATION TRUST-DOVER, DE 302-674-8340 (THU) 12. 20' 01 14:13/ST. 14:55  
STATE OF DELAWARE  
DIVISION OF CORPORATIONS  
FILED 12:00 PM 12/20/2001  
010658250 - 0472015

# CERTIFICATE OF OWNERSHIP AND MERGER

**RAYTHEON E-SYSTEMS, INC.**  
(a Delaware corporation)

**RAYTHEON COMPANY**  
(a Delaware corporation)

VOTED: That the officers of the Company be, and each of them acting singly hereby is, authorized and directed, in the name and on behalf of the Company, including on behalf of the Company as stockholder RESY, and under its corporate seal, if desired, attested by an appropriate officer, if desired, from time to time to execute, make oath to, acknowledge and deliver any and all such certificates and other instruments and papers, and to do or cause to be done any and all such other acts and things as may be shown by his, her or their judgment necessary or desirable in connection with the foregoing resolutions, such officer's execution and/or performance thereof to be conclusive evidence of such approval and of the authorization thereof by this Board of Directors, and all such actions taken to date by any of the aforesaid officers of the Company be, and they hereby are, ratified, affirmed and approved.

4. The effective time of this Certificate of Ownership and Merger shall be 11:59 p.m. on December 31, 2001.

Executed on December 19, 2001

RAYTHEON COMPANY

By: John W. Kapples /s/  
John W. Kapples  
Vice President and Secretary

AGREEMENT OF SALE

This AGREEMENT made and entered into this 30th day of December, 1971, by and between Electronic Communications, Inc., a New Jersey corporation (formerly ECI Merger Corp., successor by merger to Electronic Communications, Inc., a New Jersey Corporation), hereinafter referred to as "ECI" and EDO Corporation, a New York corporation, hereinafter referred to as "EDO".

WITNESSETH:

That for and in consideration of the mutual covenants herein contained, and intending to be legally bound hereby, the parties hereto do covenant and agree as follows:

1. Definitions: The parties agree to the following definitions of the terms used in this Agreement and such definitions shall apply throughout this Agreement except as may otherwise be specifically stated:

a. "Air Speed and Vertical Speed Indicators" shall mean all of such indicators manufactured by ECI's Standard Precision Division, 4105 West Pawnee St., Wichita, Kansas.

b. "High Cost and Low Cost Fuel System

Indicators" shall mean all such indicators manufactured by ECI's Standard Precision Division, 4105 West Pawnee St., Wichita, Kansas.

- c. The "Product Line Assets" mean those assets of ECI's Standard Precision plant, 4105 West Pawnee St., Wichita, Kansas and presently used by ECI's Standard Precision Division in connection with the manufacture and sale of said indicators, as follows:
- (1) All production machinery and equipment listed in Exhibit A, attached hereto.
  - (2) Special tooling listed in Exhibit B, attached hereto.
  - (3) All patents listed in Exhibit C-1, attached hereto, and all drawings, specifications, manuals, illustrations, technical data, know-how and other rights in ECI's possession relating to said indicators listed in Exhibit C-2, attached hereto. (all such assets referred to in this subparagraph (c) being hereinafter called "Intangible Rights").

(4) Inventories of materials and work-in-process relative to the indicators as listed in Exhibit D, attached hereto.

2. Covenant to Sell and Purchase: Subject to and in accordance with the terms and conditions hereinafter provided, ECI agrees to sell to EDO, and EDO agrees to purchase from ECI, the Product Line Assets.

3. Purchase Price: The purchase price for said indicator assets to be paid by EDO to ECI shall be the aggregate of the following amounts, payable and subject to adjustment as provided in paragraph 4.

<u>Item</u>	<u>Air Speed &amp; Vertical Speed Indicators</u>	<u>Hi &amp; Lo Cost Fuel System Indicators</u>	<u>Total</u>
For items described in paragraph 1 c (1), above.	\$19,000.00	\$ 7,000.00	\$26,000.00
For items described in paragraph 1 c (2), above.	12,000.00	5,000.00	17,000.00
For items described in paragraph 1 c (4), above. (Estimated amounts indicated, the actual purchase price being the price of such items, as provided in paragraph 4(c).)	17,600.00	3,500.00	21,100.00
Sub-Total	<u>\$48,600.00</u>	<u>\$15,500.00</u>	<u>\$64,100.00</u>

Royalty on all sales for 2 year period as described below

5%

5%



4. Terms of Payment:

- a. At closing EDO will deliver to ECI its check in the amount of \$21,360.00.
- b. 60 days after the closing EDO will pay ECI the sum of \$21,370.
- c. 120 days after the closing, EDO will pay to ECI an amount equal to the Adjusted Final Payment, which shall be calculated in accordance with this subparagraph. Not later than 45 days after the closing date, ECI shall at its own expense cause to be prepared and shall deliver to Edo a statement of the book value as of the closing date of the assets referred to in paragraph 1(c)(4), certified by an independent certified public accountant as having been prepared in accordance with generally accepted accounting principles. EDO shall have the right to examine and audit all records and books of ECI concerning such assets and such book value, during reasonable business hours. "Adjusted Final Payment" shall mean

(1) the sum of (x) \$43,000 and

(y) 80% of the book value as

of the closing date of the assets referred to in paragraph 1(c)(4) (provided, that the amount calculated pursuant to this clause (y) shall not exceed \$25,320), less

(ii) the sum of all payments theretofore made pursuant to subparagraphs (a) and (b) above.

- d. In addition to the above payments, not later than 30 days after the end of each of the first eight calendar quarters ending after the closing date other than the quarter ending December 31, 1971 (the first such quarter to end March 31, 1972 and the last such quarter to end December 31, 1973), EDO will pay ECI a royalty equal to 5% of the Net Selling Price of all Air Speed and Vertical Speed Indicators and High Cost and Low Cost Fuel System Indicators sold by EDO during such quarter. "Net Selling Price" shall mean EDO's invoice price less amounts paid by it for transportation charges and sales and excise taxes and less refunds and discounts allowed by it and actually taken by

purchasers. In this connection, EDO agrees to allow ECI the right to examine and audit all records concerning said indicator products, during reasonable business hours, covering the two year royalty period.

5. Closing: On or before December 30, 1971, a final closing will be held at the offices of Debevoise, Plimpton, Lyons & Gates, 320 Park Avenue, New York, New York or at such other place as the parties hereto may mutually agree, at which time the following transactions shall take place:

- a. EDO will deliver to ECI the payment described in paragraph 3(a), above.
- b. ECI will deliver to EDO Bills of Sale and other documents as may be necessary or appropriate in the opinion of EDO's counsel to vest in EDO good and marketable title to the Product Line Assets other than the Intangible <sup>Rights</sup> ~~Property~~ subject to no mortgage, pledge, lien, charge, security interest, or encumbrance. *JPH EBM*
- c. At the closing or as soon thereafter as possible ECI will deliver to EDO a certified copy of the resolutions of its Board of Directors authorizing this Agreement.

and the actions contemplated thereby.

- d. ECI will deliver to EDO an assignment in the form of Exhibit C-1 and an assignment in the form of Exhibit C-2.

6. Delivery of Assets: Upon delivery of the payment as set forth in paragraph 5 a, title to the Product Line Assets sold hereunder shall immediately pass to EDO. EDO shall promptly but no later than January 31, 1972, arrange for their removal and shall pay the cost of all rigging, drayage and transportation. ECI agrees to provide reasonable assistance to EDO in facilitating the movement of the assets sold.

7. Representations and Warranties of ECI: ECI represents and warrants to EDO and agrees, as follows:

- a. ECI is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey. ECI has the corporate power and authority to own and dispose of the property sold hereunder.
- b. The information contained in Exhibits A, B, and D (attached hereto and incorporated herein by reference) is true and correct and does not omit any facts which make such information materially misleading.

- c. ECI has good and marketable title to all of the Product Line Assets free and clear of all mortgages, pledges, liens, charges, security interest, conditional sale agreements, restrictions on sale, and other encumbrances.
- d. ECI has no knowledge of any material latent defect or breakdown in any of the machinery, equipment or other tangible assets constituting a part of ECI's ~~Standard Precision Division said indicator~~ *The Product Line Assets* *JH* *EBM* assets.
- e. ECI has no knowledge or notice that in conducting the said indicator business, it is, or is alleged to be infringing or conflicting with patents, patent applications, and trademarks of others. ECI has no knowledge of any actual or alleged infringement of, or conflict with, Intangible Rights, or other rights of others which might result in any material adverse effect on the conduct of such business or the use of the Product Line Assets by EDO. The design, manufacture, use and sale of the Air Speed and Vertical Speed Indicators and

the High Cost and Low Cost Fuel System Indicators by ECI on the date hereof does not and at the time of the closing will not, and by EDO from and after the time of the closing will not, violate any patent, trademark, service mark, copyright or license. All of the Intangible Rights owned or used by ECI in said indicator business are transferable to EDO and are included in the said indicator assets. The Intangible Rights will be transferred by ECI to EDO free and clear of all claims of third parties.

f. There are no actions, suits or proceedings pending and, to the knowledge of the Officers of ECI and Standard Precision Division, there are no claims or governmental investigations pending and no actions, suits, proceedings, claims or governmental investigations threatened, and no outstanding judgment, order, writ, injunction, decree or award, which might impair the ability of ECI to perform its obligations herein contained.

g. ECI has all necessary corporate power

and authority to enter into this Agreement and to perform the obligations to be performed by it hereunder. The execution, delivery and performance of this Agreement by ECI will have been authorized prior to the occurrence of closing by all necessary corporate action including approval by ECI's Board of Directors. The making of this Agreement and the consummation of the transactions contemplated hereunder will not conflict with any provision contained in the Articles of Incorporation or Bylaws of ECI, or result in a breach of any provision of, or constitute a default under, any agreement or instrument to which ECI is a party or by which it may be bound.

- h. All inventories of raw materials and work-in-process constituting a part of said indicator assets shall be usable in the ordinary course to produce products of merchantable grade and quality normally produced in the ordinary course of said indicator business.

1. ECI has not employed any finder, broker, agent or other intermediary in connection with the negotiation or consummation of this Agreement, or any of the transactions contemplated hereby, or any other proposed acquisition, direct or indirect, of any assets of ECI by EDO, and ECI will indemnify EDO and hold it harmless against liabilities, expenses, costs, losses and claims, if any, arising from the employment by ECI or services rendered to ECI (or any allegation of any such employment or services) of any finder, agent, broker or other intermediary in such connection.
- j. ECI is of the opinion that this transaction is not subject to sales tax under the laws of the State of Kansas; however, if it is later determined that sales tax must be paid, EDO will reimburse ECI or directly pay to the State of Kansas any required sales tax.
- k. The transactions contemplated hereby do not constitute a "bulk transfer" within the



meaning of Article 6 of the Kansas Uniform Commercial Code, and ECI will indemnify EDO and hold it harmless against all liabilities, expenses, costs, losses and claims, if any, arising from failure to comply with the requirements of the Kansas Uniform Commercial Code which would be applicable if such transactions constituted a bulk transfer.

8. Representations and Warranties of EDO: EDO represents and warrants to ECI and agrees as follows:

- a. EDO is a corporation duly organized, validly existing and in good standing under the laws of the State of New York.
- b. EDO has all necessary corporate power and authority to enter into this Agreement and to perform the obligations to be performed by it hereunder. The making of this Agreement and the consummation of the transactions contemplated hereby will not conflict with any provision contained in the Certificate of Incorporation or By-Laws of EDO or result in a breach of any provision of, or constitute a

default under, any agreement or instrument to which EDO is a party or by which it may be bound.

- c. EDO has not employed any finder, broker, agent or other intermediary in connection with the negotiation or consummation of this Agreement or any of the transactions contemplated hereby or any other proposed acquisition, direct or indirect, of any assets of ECI by EDO, and EDO will indemnify ECI and hold it harmless against all liabilities, expenses, costs, losses and claims, if any, arising from the employment by EDO or services rendered to EDO (or any allegation of any such employment or services) of any finder, broker, agent or other intermediary in such connection.

9. Consultation: From and after closing and until June 30, 1972, EDO shall have the privilege of consulting with ECI's Standard Precision Division personnel relative to said indicator business, and such personnel shall, notwithstanding any non-disclosure agreements they may have with ECI, be free to disclose, during reasonable

business hours, to EDO and its representatives information regarding said indicator business as previously carried on by ECI's Standard Precision Division.

10. Interpretation: This Agreement shall be governed, interpreted and applied according to the laws of the State of New York.

11. EDO To Assume No Liabilities: EDO shall not, and shall not be deemed to, assume or otherwise be obligated to pay, perform or discharge <sup>any liabilities or obligations of ECI</sup> except for any possible state sales tax as contained in paragraph 7 j above, and ECI will indemnify and hold EDO harmless against, any and all loss, cost, damage or expense (including attorney's fees) incurred or accrued or arising out of events occurring in whole or in part, prior to the closing date. *EBM*

12. Further Assurances: After closing hereunder, ECI from time to time at EDO's request and without further consideration or cost or expense to EDO, shall execute and deliver such other instruments of conveyance and transfer and take such other action as EDO may reasonably request more effectively to sell, transfer, assign and deliver and vest in EDO and to put EDO in possession of any of the Product Line Assets. The representations and warranties of

ECI contained herein shall survive the closing and any investigation made by EDO.

13. Non-Manufacture of Indicators: For a period of five years from closing of this Agreement, ECI shall not directly or indirectly, by itself or through any other entity or person, whether a parent, subsidiary or otherwise, engage in the design, manufacture, and/or sale of indicators of the same, or substantially the same, design as the indicators concerned in this Agreement.

14. Assignment: This Agreement shall be binding upon and inure to the benefit of the parties and their successors but shall not be assignable by either party without the consent of the other.

15. Entire Agreement: This Agreement constitutes the entire Agreement between the parties hereto with respect to the subject matter hereof and may not be changed or modified orally but only by an instrument in writing signed by the parties.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on the day and year first above written.

ELECTRONIC COMMUNICATIONS, INC.

By

J. J. Hanger  
EDO CORPORATION

By

Edward B. Moore

**ELECTRONIC COMMUNICATIONS, INC.**  
(formerly ECI Merger Corp.)

**Written Consent in Lieu of Meeting  
of the Board of Directors**

The undersigned, being all the directors of **ELECTRONIC COMMUNICATIONS, INC.**, a New Jersey corporation, acting without a meeting pursuant to Section 14 A:6-7(2) of the New Jersey Business Corporation Law, as amended, do hereby consent to the following action:

1. Adoption of the following resolutions:

**RESOLVED**, that the actions of the officers of the Corporation in negotiating, in the name and on behalf of the Corporation, for the sale to the EDO Corporation, a New York corporation, of certain inventories, machinery and equipment, tooling, and an assignment of patents and patent applications, employed by Corporation's Standard Precision Division in the manufacture and sale of "Air Speed and Vertical Speed Indicators" and "High Cost and Low Cost Fuel System Indicators" under the terms and conditions set forth in "Agreement of Sale" dated as of December 30, 1971 (the "Agreement"), be and the same are hereby in all respects approved, ratified and confirmed as actions of the Corporation;

**FURTHER RESOLVED**, that the officers of the Corporation, or any of them, be and they are hereby authorized and directed, in the name and on behalf of the Corporation, to execute and deliver the Agreement, one or more bills of sale, and such further and other documents and to do such further and other acts and things as may by them, or any of them, be deemed necessary or convenient further to consummate such sale and to enable the Corporation to carry out its various obligations, undertakings and agreements in connection therewith.

2. Declaration of a dividend on the Common Stock of the Corporation, distributable at the commencement of business on January 3, 1972, to shareholders of record at the close of business on December 30, 1971, such dividend being a property dividend in kind consisting of all of the assets held and owned by the Corporation for and in connection with the Corporation's Standard Precision Division at Wichita, Kansas, and the business conducted by such Division, as such assets exist, and in the condition in which the same exist, on said distribution date, EXCEPTING cash (in hand or in banks), cash deposits, bank accounts and securities used by the Corporation in connection with such Division, and the Agreement of Sale dated December 30, 1971 by and between the Corporation and EDO Corporation together with the assets of the Corporation conveyed or to be conveyed to EDO Corporation as therein provided and all rights of the Corporation thereunder to receive cash payments of any kind from EDO Corporation; and the authorization of the officers of the Corporation to execute and deliver on said distribution date, in the name and on behalf of the Corporation, such bills of sale, deeds, lease and patent assignments and other instruments and documents, and to do such other and further acts and things, as they may deem necessary and proper in order to effectuate the distribution of such dividend.
3. Establishment of an Executive Committee consisting of three (3) directors of the Corporation, as authorized in Article VII of the By-Laws, vested with the power, among other things, to determine

and establish the compensation of officers of the Corporation; and the election of Messrs. J. J. Hangen, D. E. Eckdahl and P. L. Scott as the members of said Executive Committee.

4. Adoption of the following preambles and resolutions:

WHEREAS, effective on or about December 29, 1971, Electronic Communications, Inc. (hereinafter referred to as "ECI") was merged with and into ECI Merger Corp., and all of the assets and employees of ECI were transferred to ECI Merger Corp., which then became Electronic Communications, Inc. (hereinafter referred to as the "Company"); and the Company will continue the business of ECI without interruption except for the transfer of the Standard Precision Division of ECI to The National Cash Register Company on January 3, 1972; and

WHEREAS, for a number of years prior to the merger ECI had maintained various pension plans for the benefit of its employees as follows:

- (1) The Electronic Communications, Inc. - UAW Retirement Income Plan, established as a result of a collective bargaining agreement between ECI and the International Union, United Automobile, Aerospace and Agricultural

Implement Workers of America (UAW)

affiliated with AFL-CIO, and its local 298.

(2) The Standard Precision - Machinists District Lodge No. 70 Retirement Income Plan, established as a result of a collective bargaining agreement between ECI and the International Association of Machinists and Aerospace Workers, and its District Lodge No. 70, AFL-CIO.

(3) The Retirement Income Plan for Salaried Employees administered under a Trust Agreement dated April 5, 1963, between ECI and Chemical Bank New York Trust Company, as Trustee; and

WHEREAS, it is in the interests of the Company to continue the said Plans in order to preserve the benefits to the participating employees without interruption:

NOW, THEREFORE, BE IT RESOLVED THAT:

(1) The Company shall continue to maintain the said Plans referred to above and hereby assumes the rights and obligations of the Company thereunder.

(2) The officers of the Company be, and they hereby are, authorized and instructed to notify the Trustees, insurance companies and other parties involved, of the con-



tinuation of the said Plans, to execute such documents and take such action as may be necessary or convenient to effectuate the foregoing resolution.

5. Adoption of the following resolutions:

**RESOLVED,** That the officers of this Corporation, or any one or more of them, are hereby authorized to open a bank account or accounts from time to time with the Chemical Bank (hereinafter referred to as the "Bank"), for and in the name of this Corporation with such title or titles as he or they may designate.

That the President, Vice President-Finance, Vice President-Research and Engineering, Assistant Vice President-Finance, and Assistant Secretary of this Corporation, signing singly for amounts under \$5,000 and jointly for \$5,000 and over, and their successors in office, and any other person hereafter authorized to sign on behalf of this Corporation, are hereby authorized to sign checks, drafts, notes, acceptances, and other instruments, and orders for the payment or withdrawal of moneys, credits, items and property at any time held by the Bank for account of this Corporation, and the Bank is hereby authorized to honor any or all thereof and other instruments and orders authorized to be paid by the Bank, including such as may bring about an overdraft and such as may be payable to or for the benefit of any signer thereof or other officer or employee individually without inquiry as to the circumstances of the issue or the disposition of the proceeds thereof and without limit as to amount.

That the Bank is hereby authorized to accept for deposit for the account of this Corporation for credit, or for collection, or otherwise, any or all checks, drafts, notes and other instruments of every kind indorsed by any person or by hand stamp impression in the name of this Corporation or without indorsement.

That the officers of this Corporation or any one or more of them are hereby authorized to act for this Corporation in all other matters and transactions relating to any of its business with the Bank.

That each of the foregoing resolutions and the authority thereby conferred shall remain in full force and effect until written notice of revocation or modification shall be received by the Bank; that the Secretary or any Assistant Secretary or any other officer of this Corporation is hereby authorized and directed to certify, under the seal of this Corporation or not, but with like effect in the latter case, to the Bank the foregoing resolutions, the names of the officers and other representatives of this Corporation, any changes from time to time in the said officers and representatives and specimens of their respective signatures; and that the Bank may conclusively assume that persons at any time certified to it to be officers or other representatives of this Corporation continue as such until receipt by the Bank of written notice to the contrary.

**RESOLVED,** That the officers of this Corporation be and they are hereby authorized and directed to deposit the funds of this Corporation from time to time in The First National Bank in St. Petersburg, Florida subject to the Rules and Regulations of said Bank, and until further order of the Board of Directors of this Corporation, to withdraw the same from time to time upon check or other order of the Corporation and that any other individuals other than officers of this Corporation whose signatures may appear as authorized by this Board are authorized to withdraw funds in the same manner as set forth above for its officers, signed in the name of the Corporation by any one of the five individuals whose signatures appear on this card in the spaces so provided which are the genuine signatures of the individuals authorized to sign.

That said Bank be and is hereby authorized and requested to accept, honor and pay without further inquiry, all checks and other orders for the payment

or withdrawal of money deposited with said Bank in the name of this Corporation including checks drawn to the individual order of the individual(s) signing same and including also all such instruments payable or indorsed to the order of this Corporation when such checks or other orders for money shall be signed or indorsed in the name of this Corporation by the individual(s) authorized to so sign.

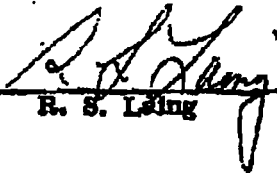
**BE IT FURTHER RESOLVED**, that said Corporation agrees to the Rules and Regulations printed on this card and that the foregoing powers and authority will continue until written notice of revocation has been given to said Bank.

**RESOLVED**, That the officers of this Corporation be and they are hereby authorized and directed to deposit the funds of this Corporation from time to time in The First State Bank, St. Petersburg, Florida, subject to the Rules and Regulations of said Bank, and until further order of the Board of Directors of this Corporation, to withdraw the same from time to time upon check or other order of the Corporation and that any other individuals other than officers of this Corporation whose signatures may appear as authorized by this Board are authorized to withdraw funds in the same manner as set forth above for its officers, signed in the name of the Corporation by any one individual for amounts of less than \$5,000 and by any two individuals for amounts of \$5,000 or more, for those individuals whose signatures may appear as authorized and which are the genuine signatures of the individuals authorized to sign.

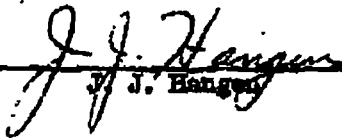
That said Bank be and is hereby authorized and requested to accept, honor and pay without further inquiry, all checks and other orders for the payment or withdrawal of money deposited with said Bank in the name of this Corporation, including checks drawn to the individual order of the individual(s) signing same and including also all such instruments payable or indorsed to the order of this Corporation, when such checks or other

orders for money shall be signed or indorsed  
in the name of this Corporation by the individuals  
authorized to so sign.

Dated this 30th day of December, 1971.

  
R. S. Leing

  
P. L. Scott

  
J. J. Hanger

  
C. L. Lord

  
D. E. Eckdahl

  
P. G. Hansel

  
J. E. Rambo

REC'D. MAR 12 1970

Background Information  
for  
media files

ELECTRONIC COMMUNICATIONS, INC.

St. Petersburg Division  
Benson Manufacturing Division  
Standard Precision Division  
Scott Electronics Corporation

Public Relations Department  
Post Office Box 12248  
St. Petersburg, Florida 33733  
Telephone: (813) 347-1121,  
ext. 488, 489

**UPDATED** →

March 1, 1970

ECI is a subsidiary of The National Cash Register Company

### Brief Business History

The Company began operations in 1927 under the name Air Associates, Inc. Its initial business was the selling of supplies and services to the aviation industry; in the early '30's it began the manufacture of various aircraft components. During World War II, it entered the electronics field, specializing in the design and production of airborne electronic communication equipment. Growth in the field was immediate and rapid.

In 1957, recognizing what by then had become its major activity, the Company adopted the name Electronic Communications, Inc., and moved its corporate headquarters and principal manufacturing facility from Teterboro, N.J. to St. Petersburg, Fla. The aircraft supply business was transferred to Air Associates, Inc., a wholly-owned subsidiary. This subsidiary was sold in 1963. On September 17, 1968, ECI became a subsidiary of The National Cash Register Company through an exchange of common stock.

Electronic Communications, Inc., consists of four operating elements: St. Petersburg Division, which includes the Aerospace Electronics Group and the Data Communications Group; Benson Manufacturing Division, in Kansas City, Mo., specializing in metals fabrication for aerospace and industrial purposes; Standard Precision Division, in Wichita, Kans., where instruments and electromechanical equipment are produced for the general aviation field and Scott Electronics Corp., a subsidiary in Orlando, Fla., providing magnetic components for communication, radar and computer equipment.

### Principal Officers

S. W. Bishop, President

R. J. Dean, Vice President and Benson Manufacturing Division  
General Manager

F. J. Grigware, Vice President and Standard Precision Division  
General Manager

P. G. Hansel, Vice President-Aerospace Electronics

J. W. Lazur, Vice President-Data Communications

C. L. Lord, Vice President-Finance

L. W. Willey, Vice President-Materiel and Facilities

P. L. Scott, President, Scott Electronics Corporation

### St. Petersburg Division

ECI's principal engineering and manufacturing operations are centered in St. Petersburg where the Aerospace Electronics Group and the Data Communications Group share a 375,000 square foot facility which includes an engineering building of 175,000 feet and a manufacturing plant of 200,000 feet.

The Aerospace Electronics Group's interests include command and control radio communication systems; UHF transmitters, receivers and accessories; earth-environment terminals for satellite communications; telemetry transmitters; multiplex equipment; power amplifiers; special purpose analog computers; antennas; test and checkout equipment and microelectronic techniques.

In the area of command and control, ECI is the prime contractor and systems integrator for the UHF command and control communication system which has been employed since 1961 by the Strategic Air Command for its Airborne Command Post. This program is now in its third equipment generation. Flying around-the-clock, SAC Airborne Command Posts have the communication capability to assume direction of a retaliatory strike in the event that underground and alternate command posts are lost in an enemy attack. ECI is responsible for equipment and electronic systems integration in similar programs in Europe and the Pacific. All of these programs are now a part of the Air Force's Worldwide Airborne Command Post.

In tactical command and control, ECI produces communication systems for the Marine Tactical Data System and shipboard radio sets for the Navy Tactical Data System. The Marine Corps systems are installed in shelters which can be air-transported into forward combat areas, providing field commanders with high-powered ground-air command and control communications capable of handling both voice and data.

For tactical satellite communication programs, ECI produced earth environment terminal equipment for both the LES-5 (Lincoln Experimental Satellite) and LES-6 programs. These programs established the feasibility of utilizing satellite relay for world-wide communication between operating elements of the armed forces. ECI is now producing satellite communication terminals for Worldwide Airborne Command Post aircraft.

For the nation's space program, ECI contributions include flight control computers and electronic components for the Saturn/Apollo program, telemetry transmitters, power supplies, servo amplifiers and ground support equipment.

Other communication programs include ultra reliable command radio sets for the Air Force; microelectronic data link radios for Navy aircraft; tactical multiplex equipment for Air Force and Marine Corps tropospheric scatter communication systems; telemetry equipment for the Navy; special purpose transmitters and receivers for Minuteman launch sites; transmitters for NATO's NADGE program, radio sets for various NATO nations and a variety of research and development projects.

The Data Communications Group, established early in 1970, is concentrating in the data distribution and electronic data processing fields, with an emphasis on the development of peripheral systems for computer applications. This group is also concerned with various commercial, industrial and civil programs including the Signal/One line of amateur and special purpose radio equipment. The Signal/One line was started in 1968 in the belief that many of the sophisticated new electronic techniques developed for the aerospace market could be effectively applied in other markets. The initial Signal/One product, a deluxe integrated radio transceiver, has already set new high standards in the world of amateur radio.

#### Benson Manufacturing Division

ECI acquired the Benson Manufacturing Company in Kansas City, Mo., in August, 1963. Established in 1907, Benson operates three plants in Kansas City with a total area exceeding 200,000 square feet.

A precision metals fabricator with an outstanding reputation for skill and craftsmanship, Benson is active in three principal areas: metal-worked components for defense and space systems, blowers and heat exchangers for the aerospace industry and aluminum and stainless steel barrels and containers for the chemical, brewing and food industries.

Critical components manufactured by Benson have flown in virtually every space and missile program, including Apollo, the Lunar Module, Mercury, Gemini, Saturn, Centaur, Rascal, Atlas, Meteor and Talos.

Benson fans, blowers and heat exchangers are widely used in military aircraft, with particular emphasis on the helicopter field. Many free world helicopter manufacturers use lightweight Benson blowers, including companies in Italy, Japan and France.

Benson is the nation's largest producer of aluminum and stainless steel containers. Brewers' barrels have become a major item, with production peaks reaching more than 1,000 barrels per day.



#### Standard Precision Division

Standard Precision of Wichita, Kans., was established in 1949 and acquired by ECI in 1959. Standard Precision has two facilities in Wichita with a total area of approximately 100,000 square feet.

Standard Precision produces a line of flight, engine and other cockpit instruments for the general aviation industry. The Division also produces a variety of electromechanical items including rotary and linear actuators for aircraft use, miniaturized and standardized motors.

Standard Precision maintains facilities for overhaul and repair of aircraft instruments and electromechanical equipment, and a screw machine facility which is producing parts for ordnance fuses.

#### Scott Electronics Corporation

Scott Electronics Corp., Orlando, Fla., was established in 1964 and joined the ECI family in September, 1965. Its modern, fully air-conditioned facility has 60,000 square feet of floor space.

The Company specializes in the development and production of magnetic components for communications, radar and computer equipment. Its products include magnetic amplifiers, filters, transformers, saturable reactors, toroidal components, inverters, converters and associated electronic modules.

Scott products are used in airborne radar, shipboard navigational equipment, the Sprint missile, the Saturn flight control computer and a variety of computer and communication systems.

#### For Further Information, Contact:

Robert E. Steele, Director of Public Relations  
Home Phone: (813) 347-0711

Office Phone: (813) 347-1121, extensions 488 and 489

Office Address: Post Office Box 12248, St. Petersburg, Florida 33733

PROSPECTUS

# The National Cash Register Company

468,529 Shares of Common Stock

(\$5.00 par value)

## EXCHANGE OFFER

*To holders of common stock of Electronic Communications, Inc.*

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

## THE EXCHANGE OFFER

The National Cash Register Company ("NCR") hereby offers to exchange shares of its Common Stock for shares of common stock of Electronic Communications, Inc. ("ECI") at the rate of one share of Common Stock of NCR for each two shares of common stock of ECI, subject to the terms and conditions more fully set forth herein under "Exchange Offer to Holders of Common Stock of Electronic Communications, Inc."

The Exchange Offer to the holders of common stock of ECI will expire at 3:30 P.M., New York local time on September 3, 1968, but it may be extended for not more than 30 days as herein provided.

NCR is informed that certain stockholders of ECI may exchange shares of ECI common stock for shares of NCR's Common Stock, and thereafter such stockholders or persons purchasing from them may offer and sell shares of NCR's Common Stock through transactions on the New York Stock Exchange or otherwise, at market prices prevailing at the time of sale or at negotiated prices and without payment of any underwriting discounts or commissions, except usual and customary distributor's or salesman's commissions paid to brokers or dealers. Such stockholders or other persons may be deemed to be "underwriters" within the meaning of the Securities Act of 1933.

## EXCHANGE AGENT

Registrar and Transfer Company  
15 Exchange Place  
Jersey City, New Jersey 07302

## FORWARDING AGENT

First National City Bank  
Corporate Trust Department  
55 Wall Street  
New York, New York 10015

The date of this Prospectus is August 2, 1968.

No dealer, salesman or any other person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offer contained in this Prospectus and, if given or made, such other information or representations must not be relied upon as having been authorized by NCR. This Prospectus does not constitute an offer by NCR to sell securities in any state to any person to whom it is unlawful for NCR to make such offer in such state.

Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of NCR or ECI since the date hereof.

Until September 12, 1968 all dealers effecting transactions in the registered securities, whether or not participating in this Exchange Offer, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as underwriters or otherwise in connection with the Exchange Offer and with respect to their unsold allotments or subscriptions.

## REGISTRATION STATEMENT

The information contained herein under the headings "History and Business of ECI", "Description of Common Stock of ECI" and "Management of ECI" and the financial data with respect to ECI included in the "ECI Statements of Income" and its financial statements constituting a part hereof were furnished to NCR by ECI for inclusion in this Prospectus.

NCR has filed with the Securities and Exchange Commission, Washington, D. C., a registration statement (herein together with all amendments thereto, sometimes referred to as the Registration Statement) under the Securities Act of 1933, as amended, with respect to the shares of Common Stock covered by this Prospectus. For further information with respect to NCR and the Common Stock, reference is made to the Registration Statement, including the exhibits and financial statements which are a part thereof. A copy of the Registration Statement may be obtained from the Commission's principal office in Washington, D. C. upon payment of the fee prescribed by the Commission's Rules of Practice, or examined there without charge.

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EXCHANGE OFFER  
TO HOLDERS OF COMMON STOCK OF  
ELECTRONIC COMMUNICATIONS, INC.

**The Exchange Offer**

Not exceeding 468,529 shares of Common Stock of the par value of \$5 each of NCR covered by this Prospectus are being offered to the holders of common stock, par value \$1 per share, of ECI in exchange for their shares of common stock of ECI, at the rate of one share of Common Stock of NCR for each two shares of common stock of ECI. Upon the "Closing Date" of this offer, or as promptly as practicable thereafter, and subject to the satisfaction of the conditions referred to below, NCR will issue and deliver to Registrar and Transfer Company of Jersey City, New Jersey, as Exchange Agent, for distribution to the stockholders of ECI who have accepted the offer one share of Common Stock of NCR for each two shares of common stock of ECI deposited in acceptance of the offer. The Agreement, dated as of May 20, 1968, between NCR and ECI, setting forth the terms and conditions of the Exchange Offer, is filed as an exhibit to the Registration Statement of which this Prospectus is a part and is incorporated herein in its entirety by this reference.

The exchange ratio was determined by negotiation between the management of NCR and the management and the Board of Directors of ECI after consideration of various relevant factors, including the possible advantages which are expected to accrue from a joining of the two companies and the acceptability of the Exchange Offer to the holders of common stock of ECI.

**Approval of Exchange Offer**

NCR has been advised that the Board of Directors of ECI has unanimously approved the Exchange Offer and has recommended that the holders of common stock of ECI accept it. NCR has also been advised that on June 24, 1968 directors and officers of ECI and members of their families owned a total of approximately 111,000 shares of common stock of ECI (approximately 12.5% of the amount outstanding) and that they have indicated that they intend to accept the Exchange Offer. In addition, NCR has been further advised that on that date trusts established for the benefit of members of the William H. Donner family owned 207,176 shares of common stock of ECI (approximately 23.3% of the amount outstanding). Mr. Duncan Miller, a director of ECI, is president of The Donner Corporation which advises with respect to the investments of certain Donner family trusts, and Mr. Miller has advised NCR that The Donner Corporation will recommend that such trusts accept the Exchange Offer.

**Acceptance of Offer**

The holders of common stock of ECI may accept this offer on or before its "Expiration Date" by depositing their certificates representing shares of such common stock, accompanied by a properly executed Acceptance of Exchange Offer, in the form accompanying this Prospectus, with

Registrar and Transfer Company  
15 Exchange Place  
Jersey City, New Jersey 07302

The certificates ~~should~~ not be endorsed. The form of Acceptance of Exchange Offer must be filled in, manually signed in accordance with the instructions contained on the back of the form, and accompanied by supporting papers where required. Any defect in the completion of the form of Acceptance of Exchange Offer may be waived by NCR at its option. For the convenience of ECI stockholders who so desire, the stock certificates and acceptance forms may also be sent, for forwarding to the Exchange Agent, to the following Forwarding Agent:

First National City Bank  
Corporate Trust Department  
55 Wall Street  
New York, New York 10015

Additional copies of the form of Acceptance of Exchange Offer and of this Prospectus may be obtained upon request to either the Exchange Agent or the Forwarding Agent or to

The National Cash Register Company  
Main and K Streets  
Dayton, Ohio 45409  
Attention of the Secretary

Electronic Communications, Inc.  
1501 72nd Street North  
St. Petersburg, Florida 33733  
Attention of the Secretary

NCR will accept telegraphic tenders received at the office of the Exchange Agent on or before the Expiration Date, provided that such telegraphic tenders are signed by a bank or trust company having an office or correspondent in New York, N. Y. or by a firm or corporation which is a member of the New York Stock Exchange or the American Stock Exchange Clearing Corporation, and state the number of shares of common stock of ECI tendered for exchange, the names of the registered holders thereof, and also state that such stock certificates, together with the duly executed Acceptance of Exchange Offer, have been deposited in the United States mail, addressed to the Exchange Agent, on or before the Expiration Date. *Telegraphic tenders will be deemed a deposit with the Exchange Agent.*

*The deposit of shares of common stock of ECI with the Exchange Agent will be irrevocable but if, on the Expiration Date, less than 80% of the shares of common stock of ECI issued and outstanding on such date have been deposited with the Exchange Agent, then the Exchange Offer will terminate, and all stock certificates and related documents which have been deposited with the Exchange Agent will be returned to the depositing stockholders, without expense to them, as promptly as practicable. Reference is also made to "Conditions of the Exchange Offer" and "Tax Ruling" below.*

No charge will be made to exchanging stockholders for any transfer taxes, if any, or for fees or expenses of the Exchange Agent or the Forwarding Agent in connection with the exchange. All such charges will be borne by NCR.

#### Expiration Date

This offer will expire at 3:30 P.M. New York local time on September 3, 1968 but it may be extended by NCR from time to time but not beyond October 3 by written notice of extension delivered to the Exchange Agent. Notice of any such extension will be publicly announced. Such date, or such extended date, is called the "Expiration Date".

Notwithstanding the expiration of the Exchange Offer, NCR reserves the right, if the Exchange Offer is consummated, to effect, after the Expiration Date, exchanges of common stock of ECI for Com-

non Stock of NCR upon substantially similar terms as those of the Exchange Offer, provided that no such exchanges will be made which might have the effect of altering the tax consequences of the transaction to the stockholders of ECI who have accepted the Exchange Offer; however, there is no assurance that any such exchanges will be made.

#### Closing Date

The Closing Date of this offer shall be the tenth day next succeeding the Expiration Date, excluding Saturdays, Sundays and legal holidays, or as soon thereafter as practicable.

#### ECI Dividend

On July 31, 1968 the Board of Directors of ECI declared the regular quarterly dividend of 5 cents a share on the common stock of ECI payable October 15, 1968 to holders of record at the close of business on September 12, 1968. Stockholders of ECI who accept the Exchange Offer and deposit their shares with the Exchange Agent will be entitled to this dividend whether or not the Exchange Offer is consummated.

#### Fractional Interests

No fractional shares will be issued to the ECI stockholders under the terms of the Exchange Offer. Provision has been made in the form of Acceptance of Exchange Offer to permit a stockholder of ECI who is entitled to a fractional interest in a share of Common Stock of NCR on the Closing Date to instruct the Exchange Agent as agent for such stockholder to sell such fractional interest or to purchase an additional fractional interest sufficient to make up one full share of Common Stock of NCR. Instructions to purchase will be matched off against fractional interests to be sold. As promptly as practicable after the Closing Date the Exchange Agent in its discretion will effect the purchase or sale, as the case may be, on the New York Stock Exchange or otherwise, of full shares representing excess fractional interests. All purchases and sales will be adjusted on the basis of the average market prices at which the transactions are effected by the Exchange Agent in the settlement of fractional interests. The Exchange Agent will remit by check to holders of fractional interests who elect to sell and will bill purchasers who elect to purchase additional fractional interests. If payment for the fractional interest purchased is not received within 30 days after the date of billing, the full share acquired will be sold. Stock transfer taxes and service and brokerage charges on the purchase or sale of fractional interests will be apportioned among the stockholders of ECI involved, as payment of such charges by NCR might adversely affect the tax-free status of the Exchange Offer.

#### Conditions of the Exchange Offer

The consummation of the Exchange Offer on the Closing Date is subject to the satisfaction of the conditions set forth in the Agreement, dated as of May 20, 1968, between NCR and ECI which conditions are designed to give NCR assurance as to the validity of the incorporation and good standing of ECI, its capitalization, assets, liabilities and financial condition, the nature of its contractual obligations and commitments, the absence of material adverse changes in its capitalization, assets, liabilities and financial condition since the date of the last balance sheet of ECI included in this Prospectus, the title to its properties (such title being that ordinarily required by a purchaser of like property), the absence of materially adverse litigation, and other matters of a similar nature. All of these conditions are provided for the benefit of NCR and any or all of them may be waived by it, in whole or in part.

If, on the Closing Date, any of these conditions is not satisfied or waived by NCR, all stock certificates and related documents which have been deposited with the Exchange Agent will be returned to the depositing stockholders, without expense, as promptly as practicable.

#### **Tax Ruling**

The consummation of the Exchange Offer is also subject to the condition that on or before the Closing Date a ruling from the U. S. Internal Revenue Service to the effect that no gain or loss for Federal income tax purposes will be recognized to any stockholder of ECI upon the exchange of his shares of ECI common stock for shares of NCR Common Stock pursuant to the Exchange Offer shall have been received by ECI. This condition may not be waived by NCR.

#### **Solicitation of Exchanges**

Solicitation of exchanges pursuant to the Exchange Offer will be made by mail. In addition, officers and employees of NCR and of ECI may solicit exchanges personally or by telephone, telegraph or mail, but they will not receive any fee or commission in connection therewith. NCR may engage paid solicitors to solicit exchanges and will reimburse banks, brokers and dealers, nominees and other custodians or fiduciaries for postage and reasonable clerical expenses in forwarding the Exchange Offer to their customers or principals.

There are no underwriting arrangements in connection with the Exchange Offer. However, paid solicitors who may be engaged to solicit exchanges may be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act of 1933 by reason of their services and NCR may indemnify such persons against certain liabilities including liabilities under that Act.

#### **Effects of Failure to Exchange**

The common stock of ECI is listed on the American Stock Exchange. Upon consummation of the Exchange Offer, there is a possibility that ECI shares may be delisted under the distribution requirements of such Exchange.

In addition, if the number of holders of record of the common stock of ECI is reduced to less than 300 persons, the registration of such stock under the Securities Exchange Act of 1934 may be terminated and thereafter ECI will not be subject to the reporting requirements of that Act so that financial and other information required to be furnished under that Act may not be available to the minority holders of stock of ECI.

#### **ECI Stock Options**

At May 31, 1968 ECI had outstanding options to purchase an aggregate of 34,548 shares of its common stock held by 13 officers and employees. The options are exercisable prior to expiration at prices ranging from \$8.99 to \$24.69 per share. If the Exchange Offer is consummated, NCR will issue to the holders thereof, upon cancellation of such options, substituted stock options to purchase shares of Common Stock of NCR. These substituted stock options will entitle the holders to purchase one share of Common Stock of NCR for each two shares of common stock of ECI covered by the cancelled options at an option price equivalent to the aggregate option price for two shares of common stock of ECI under the cancelled options.

There is no parent affiliation between the two companies. No director or officer or any associate thereof of NCR owns beneficially any common stock of ECI. NCR is advised that one director of ECI owns beneficially 100 shares of Common Stock of NCR and that the children of one other director of ECI own an aggregate of 100 shares of Common Stock of NCR.

Certain stockholders of NCR are offering 10,016 shares of NCR Common Stock by a prospectus of even date herewith consisting of this prospectus and an additional cover page. Sales of such shares will be effected on the New York Stock Exchange through brokers or dealers. The commissions or discounts to be paid by said Selling Stockholders to brokers or dealers in respect of such sales will not exceed the usual and customary distributors' or sales' commissions or discounts. Such commissions and discounts are not considered to be underwriters' compensation.

#### COMPARATIVE PRICE RANGES OF NCR AND ECI COMMON STOCKS

The following table indicates the high and low sales prices, on a quarterly basis, of the Common Stock of NCR on the New York Stock Exchange from January 1, 1966 to July 30, 1968 and of the common stock of ECI for the same period on the American Stock Exchange. Such prices have not been adjusted to reflect a 10% stock dividend paid in December 1966 by ECI.

Quarter	NCR Common Stock		ECI Common Stock	
	High	Low	High	Low
1966 1st .....	86½	76	27½	17½
2nd .....	91½	77½	28½	17
3rd .....	85	65½	21½	13½
4th .....	72½	59	17½	12½
1967 1st .....	96	67½	21½	15
2nd .....	102½	83½	27½	18½
3rd .....	115½	95½	29½	21½
4th .....	136½	108½	32½	21
1968 1st .....	133	99½	44½	27½
2nd .....	154½	118½	71	42
3rd (through July 30, 1968) .....	143½	123	67	56

On July 30, 1968 the closing price of the Common Stock of NCR on the New York Stock Exchange was \$124.25 and on the same date the closing price of common stock of ECI on the American Stock Exchange was \$58.50.

On March 29, 1968, the trading day immediately preceding the announcement that NCR and ECI had reached agreement in principle with respect to the Exchange Offer and on the ratio of exchange for their common stocks, the closing prices for NCR's Common Stock and ECI's common stock were \$115 and \$44, respectively. On April 2, 1968, the first full trading day after the announcement, the closing prices were \$125.25 for NCR and \$51.875 for ECI.



## CAPITALIZATION

The following table shows the actual capitalization of NCR and its subsidiaries and ECI as at March 31, 1968 and as adjusted as at that date pro forma to reflect the consummation of the Exchange Offer made pursuant to this Prospectus, upon the assumptions that all of the outstanding preferred stock of ECI had been converted into common stock of ECI and that the holders of 100% of the then outstanding shares of common stock of ECI accept the Exchange Offer.

	NCR	ECI	Pro Forma
<b>Short-term debt:</b>			
Notes payable .....	\$ 91,098,182	\$ 79,842	\$ 91,178,024
Current installments, long-term debt .....	3,002,606	225,405	3,228,011
<b>Total short-term debt .....</b>	<b>\$ 94,100,788</b>	<b>\$ 305,247</b>	<b>\$ 94,406,035</b>
<b>Long-term debt:</b>			
3.375% Sinking fund notes due March 1, 1980 .....	\$ 7,284,000		\$ 7,284,000
3.75% Sinking fund notes due March 1, 1977 .....	6,875,000		6,875,000
4.75% Sinking fund debentures due June 1, 1985 .....	36,385,000(1)		36,385,000
4.375% Sinking fund debentures due April 1, 1987 .....	47,000,000(2)		47,000,000
5.60% Sinking fund debentures due June 15, 1991 .....	60,000,000		60,000,000
4.25% Subordinated convertible debentures due April 15, 1992 .....	88,259,100		88,259,100
5.25% Swiss franc bonds due 1978-1982 .....	11,574,000		11,574,000
Real estate mortgage due 1969-1989 .....	2,443,694(3)		2,443,694
Mortgage obligations and other long-term debt of foreign subsidiaries and branches .....	7,337,713		7,337,713
6% Subordinated convertible debentures due 1971 .....		\$ 1,425,000	1,425,000
5.25% and 6.50% First mortgage notes due 1969-1970 .....		101,772	101,772
Ninety-day notes renewable to 1970, payable under revolving credit agreement .....		3,000,000	3,000,000
<b>Total long-term debt .....</b>	<b>267,158,507</b>	<b>4,526,772</b>	<b>271,685,279</b>
<b>Stockholders' Equity:</b>			
NCR Preferred stock (\$5 Par)			
Authorized—2,000,000 shares, none issued			
ECI Preferred stock (\$10 Par), 6% cumulative, convertible			
Authorized—200,000 shares			
Issued—19,796 shares .....		197,960(4)	
NCR Common stock (\$5 Par)			
Authorized—14,000,000 shares(5)			
Issued—8,932,281 shares .....	44,661,405		46,886,205
ECI Common stock (\$1 Par)(6)			
Authorized—2,000,000 shares			
Issued—872,166 shares (855,623 shares outstanding after deducting 16,543 shares held in treasury) .....		872,166	
Capital surplus .....	146,894,370	7,042,168	152,623,178
Retained earnings .....	203,626,128	6,109,689	209,735,817
	<b>395,181,903</b>	<b>14,221,983</b>	<b>409,245,200</b>
Less: Treasury stock at cost .....		158,686	
<b>Total stockholders' equity .....</b>	<b>395,181,903</b>	<b>14,063,297</b>	<b>409,245,200</b>
<b>Total long-term debt and stockholders' equity .....</b>	<b>\$662,340,410</b>	<b>\$18,590,069</b>	<b>\$680,930,479</b>

- (1) Does not include \$415,000 principal amount purchased for retirement.
- (2) Does not include \$1,000,000 principal amount purchased for retirement.
- (3) Does not include \$240,056 reserve deposited with mortgage trustee.
- (4) On May 20, 1968 all of the outstanding shares of preferred stock of ECI were called for redemption on July 31, 1968.
- (5) Includes 125,491 shares reserved for issue upon exercise of outstanding stock options (including 17,714 shares for options for ECI common stock which are expected to become options for NCR Common Stock in connection with the exchange offer), 199,919 shares available for stock options which may be subsequently granted and 882,591 shares to accommodate conversions of the 4.25% Subordinated convertible debentures due April 15, 1992.
- (6) No provision has been made for the 11,945 shares of ECI common stock reserved for issue upon conversion of its 6% subordinated convertible debentures due November 30, 1971.

NCR and its subsidiaries have obligations under leases on real property, principally for sales and service offices. During the twelve months ended December 31, 1967 NCR and its subsidiaries paid approximately \$12,574,000 in rents under leases of varying duration. See "Foreign Business" under "History and Business of NCR" for information with respect to proposed issues of additional securities by NCR and a foreign subsidiary.

# NCR AND SUBSIDIARY COMPANIES

## CONSOLIDATED STATEMENT OF INCOME

The following statement, except for the earnings of the Japanese subsidiary reported on by other independent accountants, has been examined by Price Waterhouse & Co., independent accountants, whose opinion thereon appears elsewhere in this Prospectus. As explained in Note 1 to the financial statements, effective with the year 1967, the financial statements have been prepared on a fully consolidated basis. Previous years' results in this statement have been restated to reflect NCR's worldwide operations. The statement should be read in conjunction with the other financial statements and notes thereto included elsewhere in this Prospectus.

	(000 omitted) Year ended December 31,				
	1963	1964	1965	1966	1967
Income:					
Net sales	\$473,916	\$519,196	\$560,394	\$654,025	\$698,932
Service income and equipment rentals	118,664	146,578	176,455	217,280	256,523
Other income	12,630	13,259	15,207	14,201	18,971
	<u>605,210</u>	<u>679,033</u>	<u>752,056</u>	<u>885,506</u>	<u>974,426</u>
Costs and expenses:					
Cost of products and services sold—(Note A)	323,315	362,825	395,707	473,217	537,055
Selling, general and administrative	222,956	250,744	286,152	332,273	346,132
Interest	8,387	8,864	10,043	13,241	18,835
Minority interest in net earnings of foreign subsidiaries	1,935	2,034	1,833	1,913	2,584
	<u>556,593</u>	<u>624,467</u>	<u>693,735</u>	<u>820,644</u>	<u>904,606</u>
Income before income taxes	<u>48,617</u>	<u>54,566</u>	<u>58,321</u>	<u>64,862</u>	<u>69,820</u>
Income taxes:					
United States	11,000	11,300	11,100	10,600	10,300
Foreign	15,200	17,100	17,800	22,000	24,200
	<u>26,200</u>	<u>28,400</u>	<u>28,900</u>	<u>32,600</u>	<u>34,500</u>
Net income for the year—(Note B)	<u>\$ 22,417</u>	<u>\$ 26,166</u>	<u>\$ 29,421</u>	<u>\$ 32,262</u>	<u>\$ 35,320</u>
Per share of common stock—(Note C):					
Net income	\$2.70	\$3.13	\$3.35	\$3.67	\$3.98
Cash dividends declared	1.14	1.14	1.16	1.20	1.20
Pro forma net income per share, based on assumption of conversion of all outstanding convertible securities and exercise of all outstanding stock options					3.74

Note A—Under NCR's system of accounting and due to the nature of NCR's business, a breakdown of cost of products and services sold applicable to net sales, service income and equipment rentals is not practicable.

Note B—See Note 1 to financial statements.

Note C—Based on average number of shares outstanding during each year, adjusted for 5% stock dividend in 1965.

The unaudited consolidated net sales, service income and equipment rentals; net income and net income per share were \$483,444,625, \$12,941,279, and \$1.45, respectively, for the six months ended June 30, 1968, and \$440,702,578, \$12,558,353, and \$1.41, respectively, for the six months ended June 30, 1967. The results for 1968 give effect to the recently enacted Federal income tax surcharge.

With the release of the Century Series Electronic Data Processing System in March 1968, NCR intends to defer expenses relating to the compensation of certain selling and installation personnel since such expenses relate to future income. In the first six months of 1968 payments for such expenses amounting to \$1,039,000 after taxes have been deferred and will be charged to income over the initial term of the rental contracts which are firm non-cancellable contracts for either one, three or five years or at the time of installation in the case of a purchase contract.

In the opinion of NCR's management all adjustments, consisting only of normal recurring accruals, considered necessary for a fair presentation of the results of such six month periods have been included. Results of operations for the six months ended June 30, 1968 are not necessarily indicative of results to be expected for the full calendar year.

# ECI STATEMENTS OF INCOME

The following statements of income of ECI for the five years ended September 30, 1967, have been examined by Arthur Andersen & Co., independent public accountants, as set forth in their report included elsewhere herein. The statements of income for the three-month periods ended December 31, 1966 and 1967, which were not examined by independent public accountants, reflect, in the opinion of ECI, all known adjustments (which include only normal recurring accruals) necessary to a fair presentation of the results of operations for such periods. These statements should be read in conjunction with the financial statements and notes thereto included elsewhere herein.

	Year ended September 30,					Three months ended December 31,	
	1963	1964	1965	1966	1967	1966 (Unaudited)	1967 (Unaudited)
Income:							
Net sales .....	\$18,104,468	\$26,818,136	\$22,261,716	\$37,080,154	\$49,388,335	\$13,074,796	\$12,537,049
Other income, net .....	126,990	105,366	164,919	145,480	167,270	55,463	52,736
	<u>18,231,458</u>	<u>26,923,502</u>	<u>22,426,635</u>	<u>37,225,634</u>	<u>49,555,605</u>	<u>13,130,259</u>	<u>12,589,785</u>
Costs and expenses:							
Cost of sales .....	14,584,718	22,826,907	18,454,971	32,022,719	42,899,894	11,421,360	10,642,648
General and administrative expenses ..	2,597,172	2,786,241	2,660,885	2,954,509	3,965,497	1,112,257	993,663
Interest expense .....	231,788	361,235	344,770	440,534	499,062	132,081	104,951
Net loss of discontinued operations .....	22,005	61,730					
	<u>17,437,683</u>	<u>26,036,113</u>	<u>21,460,626</u>	<u>35,417,762</u>	<u>47,364,453</u>	<u>12,665,698</u>	<u>11,741,262</u>
Income before income taxes .....	793,775	887,389	966,009	1,807,872	2,191,152	464,561	848,523
Provision for Federal income taxes (Note 1) .....	380,000	410,000	465,000	750,000	965,000	200,000	390,000
Income before extraordinary items .....	413,775	477,389	501,009	1,057,872	1,226,152	264,561	458,523
Extraordinary items, net of applicable income taxes (Note 2) .....	(106,719)	60,000	927,000				
Net income (Note 2) .....	<u>\$ 307,056</u>	<u>\$ 537,389</u>	<u>\$ 1,428,009</u>	<u>\$ 1,057,872</u>	<u>\$ 1,226,152</u>	<u>\$ 264,561</u>	<u>\$ 458,523</u>
Income before extraordinary items applicable to common stock .....	\$ 390,986	\$ 454,981	\$ 479,471	\$ 1,039,172	\$ 1,208,859	\$ 259,949	\$ 455,368
Net income applicable to common stock ..	<u>284,267</u>	<u>514,981</u>	<u>1,406,471</u>	<u>1,039,172</u>	<u>1,208,859</u>	<u>259,949</u>	<u>455,368</u>
Per share of common stock:							
Based on average number of shares outstanding and adjusted for 10% common stock dividend in December, 1966—							
Income before extraordinary items .....	.47	.56	.62	1.29	1.47	.32	.55
Extraordinary items, net of applicable income taxes .....	(.13)	.07	1.19				
Net income .....	<u>.34</u>	<u>.63</u>	<u>1.81</u>	<u>1.29</u>	<u>1.47</u>	<u>.32</u>	<u>.55</u>
Pro forma net income based on assumption of conversion of all outstanding convertible securities and exercise of all outstanding stock options (Note 3) .....					1.39		.52
Cash dividends per share of common stock (adjusted for 10% common stock dividend in December, 1966) .....	<u>.05</u>	<u>.18</u>	<u>.18</u>	<u>.18</u>	<u>.20</u>	<u>.05</u>	<u>.05</u>

(notes appear on following page)

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NOTES TO STATEMENTS OF INCOME OF ECI

(1) The investment tax credit has been applied as a reduction of the provision for Federal income taxes in the amounts of \$13,300, \$12,100, \$9,300, \$63,000, \$25,300, \$4,300 and \$6,100 for the years 1963, 1964, 1965, 1966, 1967 and for the three-month periods ended December 31, 1966 and December 31, 1967, respectively.

(2) The statements of income reflect the following extraordinary items:

a. In 1963, a charge of \$106,719 for the loss on sale of net assets and liquidation of a wholly-owned subsidiary (net of applicable income tax of \$109,000);

b. In 1964, a credit of \$60,000 for Federal income taxes that were eliminated by reason of the carry forward of a prior year's operating loss of a former subsidiary company;

c. In 1965, a net credit of \$927,000 for:

(i) The elimination of deferred Federal income taxes of \$920,000 resulting from the utilization of a former subsidiary's operating loss;

(ii) A charge of \$58,000 for the loss on sale of investment in preferred stock (net of applicable income tax of \$19,500);

(iii) A credit of \$65,000 for Federal income taxes that were eliminated by reason of the carry forward of a prior year's operating loss of a former subsidiary company.

To comply with new reporting requirements effective for fiscal periods beginning after December 31, 1966, net income for 1963 and 1965 has been restated to include extraordinary items which were previously described and reported as special items after net income. In addition, credits resulting from the carry forward of prior years' operating losses which were previously netted against provisions for Federal income taxes in 1964 and 1965 have been restated as extraordinary items.

(3) The pro forma per share amounts were computed using the following assumptions:

a. The conversion of the outstanding 6% cumulative convertible preferred shares using the conversion ratio in effect at December 31, 1967, reflecting the shares issuable on conversion and eliminating the preferred dividend requirements;

b. The conversion of the outstanding subordinated convertible debentures using the conversion ratio in effect at December 31, 1967, reflecting the shares issuable on conversion and eliminating the interest requirements;

c. The exercise of all outstanding stock options, assuming no effect from funds received as such effect would not be material.

\* \* \* \* \*

The unaudited net sales, net income and net income per share were \$37,856,627, \$1,475,616 and \$1.73, respectively, for the nine months ended June 30, 1968, and \$39,323,915, \$802,364 and \$.96, respectively, for the nine months ended June 30, 1967. The results for 1968 give effect to the recently enacted Federal income tax surcharge. In the opinion of ECI, all known adjustments (which include only normal recurring accruals) necessary for a fair presentation of the results of operations for the nine month periods ended June 30, 1968 and 1967, have been made.

The increase in net income for the three months ended December 31, 1967, in comparison with the three months ended December 31, 1966, and for the nine months ended June 30, 1968, in comparison with the nine months ended June 30, 1967, despite the decrease in net sales, resulted principally from improved profit margins.

The results of operations for the three month period ended December 31, 1967 and the nine month period ended June 30, 1968 are not necessarily indicative of the operating results for the entire fiscal year ending September 30, 1968.

# NCR AND SUBSIDIARY COMPANIES AND ECI

## PRO FORMA COMBINED STATEMENT OF INCOME

(Not covered by accountants' opinions)

The following pro forma combined statement of income presents, on a "pooling of interests" basis, the results of operations of NCR for the five years ended December 31, 1967 combined with those of ECI for the five years ended September 30, 1967, after giving effect to certain reclassifications for comparability. This statement should be read in conjunction with the other financial statements, including the notes thereto, of NCR and ECI appearing elsewhere in this Prospectus.

	Fiscal Years (000's omitted)				
	1963	1964	1965	1966	1967
Income:					
Net sales .....	\$492,021	\$546,014	\$582,656	\$691,105	\$ 748,320
Service income and equipment rentals ..	118,664	146,578	176,455	217,280	256,523
Other income .....	12,735	13,302	15,372	14,346	19,138
	<u>623,420</u>	<u>705,894</u>	<u>774,483</u>	<u>922,731</u>	<u>1,023,981</u>
Costs and expenses:					
Cost of products and services sold .....	338,007	385,652	414,162	505,240	579,955
Selling, general and administrative .....	225,553	253,530	288,871	335,227	350,097
Interest .....	8,621	9,225	10,388	13,681	19,334
Minority interest in net earnings of foreign subsidiaries .....	1,935	2,034	1,833	1,913	2,584
	<u>574,116</u>	<u>650,441</u>	<u>715,254</u>	<u>856,061</u>	<u>951,970</u>
Income before income taxes .....	<u>49,304</u>	<u>55,453</u>	<u>59,229</u>	<u>66,670</u>	<u>72,011</u>
Income taxes:					
United States .....	11,380	11,650	10,580	11,350	11,265
Foreign .....	15,200	17,100	17,800	22,000	24,200
	<u>26,580</u>	<u>28,750</u>	<u>28,380</u>	<u>33,350</u>	<u>35,465</u>
Pro forma combined net income .....	<u>\$ 22,724</u>	<u>\$ 26,703</u>	<u>\$ 30,849</u>	<u>\$ 33,320</u>	<u>\$ 36,546</u>
Pro forma combined net income per share of common stock (Note) .....	<u>\$2.60</u>	<u>\$3.04</u>	<u>\$3.36</u>	<u>\$3.62</u>	<u>\$3.93</u>
Pro forma combined net income per share of common stock as above and based on the assumption of the conversion of all outstanding convertible securities and exercise of all outstanding stock options (including options for shares of ECI common stock which are to become options for shares of NCR Common Stock on the basis of one share of NCR Common Stock for each two shares of ECI common stock) .....					<u>\$3.70</u>

NOTE: These figures are based on the average number of shares of NCR Common Stock outstanding during each year, adjusted for a 5% stock dividend in 1965 plus 444,033 shares of NCR Common Stock which would have been issued had the exchange been made on December 31, 1967 (assuming conversion of all of the ECI convertible preferred stock).

Preparation of the combined pro forma statement of income above and the pro forma combined balance sheet on the following pages has been based on the assumptions that all of the preferred stock of ECI will be converted to common stock prior to the exchange and that all of the common stock of ECI will be exchanged for Common Stock of NCR. Accordingly, accounting on a "pooling of interests" basis has been followed.

# COMPARATIVE DATA PER SHARE OF COMMON STOCK

## INCOME AND DIVIDENDS

	1963	1964	1965	1966	1967
<b>NCR</b>					
Before combination					
Net income .....	\$2.70	\$3.13	\$3.35	\$3.67	\$3.98
Pro forma, based on assumption of conversion of all outstanding convertible securities and exercise of all outstanding stock options .....					3.74
Cash dividends .....	1.14	1.14	1.16	1.20	1.20
Pro forma after combination					
Net income .....	2.60	3.04	3.36	3.62	3.93
Based on assumption of conversion of all outstanding convertible securities and exercise of all outstanding stock options .....					3.70
<b>ECI</b>					
Before combination					
Income before extraordinary items .....	.47	.56	.62	1.29	1.47
Extraordinary items .....	(.13)	.07	1.19	—	—
Net income .....	.34	.63	1.81	1.29	1.47
Pro forma based on assumption of conversion of all outstanding convertible securities and exercise of all outstanding stock options .....					1.39
Cash dividends .....	.05	.18	.18	.18	.20
Pro forma after combination					
Net income (Note) .....	1.30	1.52	1.68	1.81	1.96
Based on assumption of conversion of all outstanding convertible securities and exercise of all outstanding stock options (Note) .....					1.85
Cash dividends (Note) .....	.57	.57	.58	.60	.60

## BOOK VALUES

	December 31, 1967	
	Before Combination	After Combination
<b>NCR</b>		
Per share of common stock .....	\$43.90	\$43.27
Per share of common stock assuming conversion of all convertible securities and exercise of all outstanding stock options .....	49.20	48.49
<b>ECI</b>		
Per share of common stock (Note) .....	15.71	21.64
Per share of common stock assuming conversion of all convertible securities and exercise of all outstanding stock options (Note) .....	16.67	24.25

NOTE—Each share of NCR Common Stock will be issued in exchange for two shares of ECI common stock. The ECI per share net income, dividend and book value amounts after combination therefore are one-half of the pro forma NCR per share net income, dividend and book value amounts after combination.

# **NCR AND SUBSIDIARY COMPANIES AND ECI**

## **CONDENSED PRO FORMA COMBINED BALANCE SHEET**

*(not covered by accountants' opinions)*

The following pro forma combined balance sheet represents a combination on a "pooling of interests" basis of the condensed balance sheets of NCR and ECI at December 31, 1967. This statement should be read in conjunction with the financial statements, including the notes thereto, included elsewhere in this Prospectus.

ASSETS	December 31, 1967 (000 omitted)			
	NCR	ECI	Pro forma adjustments	Pro forma combined
Current assets:				
Cash .....	\$ 26,254	\$ 420		\$ 26,674
Marketable securities, at cost (approximate market) .....	47,669			47,669
Accounts receivable .....	253,117	8,964		262,081
Inventories .....	334,784	8,856		343,640
Prepaid expenses .....	10,992	486		11,478
	<u>672,816</u>	<u>18,726</u>		<u>691,542</u>
Property, plant and equipment, less accumulated depreciation .....	330,773	6,278		337,051
Other assets .....	6,555	537		7,092
 Total assets .....	 <u>\$1,010,144</u>	 <u>\$25,541</u>		 <u>\$1,035,685</u>

# NCR AND SUBSIDIARY COMPANIES AND ECI

## CONDENSED PRO FORMA COMBINED BALANCE SHEET

(not covered by accountants' opinions)

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 1967 (000 omitted)			
	NCR	ECI	Pro forma adjustments	Pro forma combined
Current liabilities:				
Notes payable and current installments on long-term debt .....	\$ 87,980	\$ 307		\$ 88,287
Accounts payable and accrued expenses .....	112,529	3,677		116,206
Accrued income taxes .....	39,682	719		40,401
Dividends payable .....	2,674			2,674
Customers' deposits and service prepay- ments .....	70,807			70,807
	313,672	4,703		318,375
Long-term debt .....	268,085	7,247		275,332
Lease purchase obligation .....	1,800			1,800
International operations and employees' pen- sion and indemnity reserves .....	24,421			24,421
Minority interests .....	10,597			10,597
Stockholders' equity:				
Preferred stock .....		210	(210) (a)	
Common stock .....	44,598	852	36 (a)	46,818
			1,332 (b)	
Capital surplus .....	146,113	7,027	16 (a)	151,824
			(1,332) (b)	
Earnings retained for use in the business .....	200,858	5,660		206,518
Excess of cost over par—treasury stock .....		(158)	158 (a)	
Total liabilities and stockholders' equity .....	<u>\$1,010,144</u>	<u>\$25,541</u>		<u>\$1,035,685</u>

Pro forma entries:

- (a) Conversion of the 21,035 shares of ECI 6% cumulative convertible preferred stock for 36,444 shares of ECI common stock (including 18,399 shares in treasury) on basis of 1.7325 shares of common stock for each share of 6% cumulative convertible preferred stock.
- (b) Issuance of 444,033 shares of NCR Common Stock in exchange for 888,066 shares of ECI common stock on the basis of one share of NCR Common Stock for each two shares of ECI common stock. See note on page 12.



## HISTORY AND BUSINESS OF NCR

NCR was incorporated under the name of THE NATIONAL CASH REGISTER COMPANY under the laws of the State of Maryland on January 2, 1926, as successor to an Ohio corporation of the same name organized in 1884. NCR's executive offices and principal plant are located in Dayton, Ohio.

NCR and its subsidiaries are engaged in the design, production, distribution and servicing of business equipment and machines, including electronic data processing equipment, accounting machines, cash registers, adding machines and microform equipment, together with supplies and related accessories for use both with its machine products and for other uses.

The products of NCR are marketed and serviced in all states of the United States principally through its own sales and service organizations and to a very minor extent through distributors and dealers. Outside of the United States, NCR subsidiaries, branches and, in a few instances, agents distribute and service NCR's products in over 100 countries.

NCR and its subsidiaries employ approximately 84,000 people, of whom approximately 40,000 are outside of the United States.

The net sales, service income and equipment rentals of NCR and its subsidiaries were divided among the following categories during 1967:

Equipment	
Sales .....	55.4%
Rentals .....	9.2
Service and Maintenance .....	20.2
Supplies and Miscellaneous Products .....	15.2
	<hr/>
	100.0%
Total outside the United States (included in the above)	44.9%

The terms of sale offered by NCR include outright sale, installment sales and non-full-payout rental agreements. Installment sales, entered into principally for the sale of cash registers and adding machines, provide for payment over varying periods of time up to a maximum of 36 months. NCR offers its electronic data processing equipment, accounting machines, certain of its adding machines and its line of microform equipment for rental, primarily on a "full service" basis, for initial periods of one to five years.

During the past five years, an increasing portion of NCR's revenue has resulted from equipment rentals and the sale of service, maintenance and supplies. The increase in equipment rentals (which is expected to continue) and service revenues is largely attributable to NCR's rapidly growing participation in the field of electronic data processing. The increase in supply sales is largely due to the growth in sales of carbonless copying paper ("NCR Paper") and the continuing development of a full line of business forms and supplies for use with NCR equipment.

NCR's accounting practice has been to capitalize the manufacturing cost of rental equipment and to depreciate the capitalized amounts over four to six years on the "sum-of-the-years-digits" method. All development, installation and marketing expenses related to such equipment are charged off as incurred. Rental payments are taken into income when received. Due to these accounting practices, the amounts charged as costs and expenses with respect to rental equipment are disproportionately higher in the early years than in the later years and, accordingly, the profit potential of rental contracts is deferred. During the past five years, all other categories of NCR's products and services have been consistently profitable. With the release of the Century Series Electronic Data Processing System, NCR intends to defer expenses relating to the compensation of certain selling and installation personnel since such expenses relate to future income. The deferred expenses will be charged to income over the initial term of the contracts.

### **Principal Products**

For many years, NCR has been the world's largest manufacturer of cash registers and is one of the leading manufacturers of electro-mechanical and electronic accounting machines. Over the past five years, NCR has substantially expanded its design, manufacture and sale of a broad range of electronic data processing equipment, culminating in the recent release for sale of its Century Series Electronic Data Processing System. It also manufactures and sells a line of adding and bookkeeping machines and a wide variety of business forms and supplies primarily for use in business equipment. With this expanded product line together with increasing customer requirements in this area, a substantial part of NCR's marketing effort has been directed toward the sale or rental of fully integrated business systems, including electronic data processing systems, rather than toward the sale of individual machines designed to mechanize single applications. Such "total systems" utilize NCR "original entry" equipment, such as cash registers, accounting machines, and adding machines to record pertinent information in a form suitable for subsequent processing on NCR's (or other manufacturers') electronic data processing equipment.

In March, 1968, NCR released for sale its Century Series line of electronic data processing equipment which represented a further major step of NCR into the computer field. The Century Series offers not only a broad line of central processing and memory equipment, but also a broad range of peripheral equipment including discs, magnetic tape drives, punch card and paper tape readers and punches, optical journal scanners, magnetic encoded document reader-sorters, together with a wide range of control devices for data communication. NCR also continues to market its Class 315 and Class 315 RMC (Rod Memory Computer) as well as its Series 500 electronic data processing systems.

NCR offers a wide range of cash registers and sales registers for the control and recording of a wide variety of transactions primarily in the retail, wholesale and service industries. Increasing demands for more information together with changing methods of retailing (such as self-service and the growth of suburban shopping centers) have increased the demand for new types of cash registers, including those which can create machine or computer readable information. In 1967, NCR introduced the Class 5 cash register, a flexible line of registers, which includes features necessary for the conduct of trade and the capture of pertinent information for subsequent processing.

NCR continues to manufacture and market its well established line of lower priced mechanical and electro-mechanical accounting machines and during the past five years has also introduced a complete line of electronic accounting machines offering substantially increased capacity. During 1967, NCR introduced its Class 400 electronic accounting machine offering an expanded number of totals together with magnetic ledger capability and simplified programming through the use of interchangeable punched tape loops. NCR also manufactures and markets accounting machine equipment specifically designed for banking and other financial institutions such as "encoding" machines for the application of MICR (Magnetic Ink Character Recognition) information on documents for subsequent computer processing as part of a total system, "proof" machines, and both "on-line real-time" and "off-line" equipment for teller windows, all of which may be integrated into a total bank system.

In the adding machine field, NCR offers a complete line of full keyboard equipment and a limited line of 10-key machines. Many of the machines are sold or rented for control of a wide variety of original entry applications but with the ability to create machine readable input for subsequent computerized processing as part of a total integrated system.

NCR also provides software and other supporting services required to insure that the installed products efficiently perform those functions for which they were designed. Such services not only include the necessary machine instructions consisting of programs in a variety of computer languages, but also schools and other educational services, manuals and libraries of system procedures for many levels of customer personnel.

To supplement NCR's regular lines of equipment, NCR also markets certain products manufactured for it by others to NCR's specifications. In addition, NCR sells used business equipment of its own manufacture which is, in most instances, acquired upon trade-in from purchasers of new equipment from NCR.

Since 1961, NCR has established a number of Electronic Data Processing Centers and presently has 22 locations within the United States and an additional 47 centers internationally. These centers are equipped with one or more of NCR's electronic data processing systems to provide service for many types and sizes of businesses, primarily for those which require the information developed through a total system but which cannot efficiently utilize a full computer system. Included in the foregoing is a network of On-Line Data Processing Centers which provide immediate updating of records for savings banks and savings and loan associations through data processing equipment in the center which is connected by telephone lines directly to the teller machines in the customer's place of business.

A wide variety of supply items are designed, manufactured and sold by NCR for use in or with its machine products, including printed forms, paper rolls, ink ribbons, guest checks, ledger cards, files and trays, and a complete range of supplies for its electronic data processing systems such as magnetic tape and discs.

NCR has developed and markets a line of pressure sensitive coated papers which make duplicate copies without the use of carbon paper and are sold under the trademark "NCR Paper". This product was first introduced in 1954 and has steadily increased in volume of sales. Further developments in the field of capsular research have resulted in a variety of micro-encapsulated products.

During 1966, NCR entered a new field of microform systems, including the PCMI\* systems which it developed and microfiche and microcard systems which were developed by The Microcard Corporation which NCR acquired in February, 1967. This field involves not only the manufacture and sale of viewer and photographic equipment, but also the conversion for customers of original documents to microform chips or transparencies.

#### **Domestic Distribution and Service**

NCR maintains its own distribution and technical service organizations consisting of approximately 19,400 employees in 472 offices located throughout the United States. NCR provides extensive training programs for its salesmen and technicians in product and technical service developments and in advanced marketing techniques. To better meet consumer demands for increasingly sophisticated systems NCR's marketing organization has been reorganized by type of market rather than by product line.

In the case of adding machines and one line of medium priced bookkeeping machines NCR supplements its direct distribution by sales through a nation-wide network of 855 dealers and four distributors.

NCR's branch offices and sub-offices in the United States operate complete facilities for the service and maintenance of its products. All of its technicians have been trained at NCR's regional technical schools. As new products or modifications of existing products are introduced NCR initiates instruction programs to enable its technicians to maintain and service the new equipment. It is the policy of NCR not to sell any product under circumstances where it is not in a position to render competent service. More than two-thirds of the service sales volume comes from service rendered under maintenance contracts for an annual fixed charge.

NCR believes that the quality of its distribution and service organization is a principal factor in the successful conduct of its business.

#### **Foreign Business**

The business of NCR outside the United States is done principally through subsidiaries and to a lesser extent through agents and branch offices of NCR, and is conducted in substantially the same manner as in the United States. Since World War II NCR has made substantial investments outside the United States, chiefly by reinvesting local earnings. A license agreement exists between NCR, its British selling subsidiary and Wiggins, Teape and Co. Ltd. (London) under which Wiggins, Teape may sell "NCR Paper" non-exclusively throughout the world except in the United States and may manufacture it exclusively in certain designated countries. NCR has licensed Mitsubishi Paper Mills, Ltd., and Jujo Paper Manufacturing Company, Ltd., Tokyo, to manufacture "NCR Paper" in Japan and to sell it non-exclusively in Japan and, through NCR, elsewhere in the world. Executive Order 11387 dated January 1, 1968, and the regulations issued by the Secretary of Commerce in connection therewith, limit foreign investments by United States companies and other United States persons, require the annual repatriation of a portion of foreign earnings from affiliated foreign nationals and place a limitation on the amount of short-term financial assets held abroad. The future effect of the Order and regulations on the overseas operations of NCR cannot be determined at this time.

\*Trademark.

The National Cash Register Company, Limited, one of NCR's United Kingdom subsidiaries, at the date of this Prospectus was negotiating with investment bankers in London for the sale of a proposed issue of long-term debt securities in the principal amount of approximately £12,000,000 (approximately \$28,800,000) to be sold in Europe and which would be guaranteed by NCR and would provide for the issue of stock purchase warrants entitling the holders thereof to purchase over a period of years approximately 120,000 additional shares of NCR's Common Stock.

### **Employee Relations**

Collective bargaining contracts with labor unions cover approximately 20,200 non-supervisory employees in the United States and Canada, approximately 17,000 of whom at the Dayton and Washington Court House, Ohio, plants are represented by the N.C.R. Employees' Independent Union. Pending the outcome of representation proceedings before the National Labor Relations Board, the three-year agreement with the Employees' Independent Union which expired on August 31, 1967, has been extended on an interim basis. Comprehensive employee benefit plans, including retirement pensions, disability benefits, hospital and medical reimbursements, group accident and life insurance benefits and a suggestion plan are in effect for employees in the United States. In addition NCR maintains in Dayton extensive recreational and educational programs for its employees and their families. NCR believes its employee relations are satisfactory.

### **Research and Development**

NCR carries out an extensive program of research and development devoted to mechanical, electro-mechanical and electronic business equipment and, in recent years, considerable emphasis has been placed upon the development of electronic data processing equipment. As a result of this program NCR has continuously added new products and has extended the applications of existing products. Of significant importance is NCR's work in the fields of physical and chemical research.

The research and development program is carried on principally by a staff of approximately 1,750 persons at the Dayton Plant and by a staff of approximately 800 persons at the Electronics Division in Hawthorne, California. In addition there are small research and engineering facilities at Ithaca, New York, Cambridge, Ohio and at a number of locations overseas. Total expenditures for product development, engineering and research for the five years ended December 31, 1967 aggregated approximately \$129,000,000, and it is expected that about \$35,000,000 will be expended for these purposes in 1968.

### **Patents and Trade-Marks**

NCR has numerous United States and foreign patents and patent applications relating to its several products and processes. These patents and applications, together with licenses under patents owned by others, are considered by NCR to be adequate for the conduct of its business. NCR does not consider that any single patent is of material importance in relation to the business as a whole. NCR does consider the trade-marks "National", "NCR" and the design **NCR**, and several other trade-marks as applied to its products to be assets of material importance, and it has registered and renewed such trade-marks in the United States and appropriate foreign countries.

## PROPERTY OF NCR

The manufacturing plants of NCR and its subsidiaries occupy a total floor area of approximately 10,769,412 square feet, of which approximately 8,381,869 are owned and the balance held under lease, as follows:

<u>Location</u>	<u>Owned</u>	<u>Leased</u>	<u>Total</u>
Dayton, Ohio .....	4,356,902	340,508	4,697,410
Dundee, Scotland .....	145,554	1,077,890	1,223,444
Augsburg, Germany .....	632,041	48,345	680,386
Hawthorne, California .....	355,000	207,800	562,800
Berlin, Germany .....	541,174		541,174
Cambridge, Ohio .....	367,000		367,000
Ithaca, New York .....	329,718		329,718
Millsboro, Delaware .....	300,000		300,000
San Diego, California .....		292,000	292,000
Oiso, Japan .....	216,800		216,800
Toronto, Canada .....	154,000		154,000
Massy, France .....	136,200		136,200
Giessen, Germany .....	112,180		112,180
Sao Paulo, Brazil .....	92,300		92,300
Bulach, Switzerland .....	80,000		80,000
Puebla, Mexico .....	50,000		50,000
West Salem, Wisconsin .....	28,000		28,000
Buenos Aires, Argentina .....	26,000		26,000
Various supply manufacturing plants and paper slitting plants(1) (2) .....	459,000	421,000	880,000
<b>Total Floor Area .....</b>	<b>8,381,869</b>	<b>2,387,543</b>	<b>10,769,412(3)</b>

(1) Supply manufacturing plants and paper slitting plants are located at Arlington, Texas; Fullerton, California; Jacksonville, Florida; Washington Court House, Ohio; Toronto, Canada; Commerce, California; Morristown, Tennessee; and Mount Joy, Pennsylvania. An addition containing 15,000 square feet under construction at Arlington, Texas, is expected to be completed in 1968. An additional supply manufacturing plant containing approximately 50,000 square feet is under construction at Viroqua, Wisconsin, and is expected to be completed in 1968.

(2) Does not include 59 supply manufacturing plants and paper slitting plants, containing an aggregate of 392,703 square feet, in 37 countries overseas.

(3) A new manufacturing plant containing 29,000 square feet is under construction at Portage, Wisconsin, and is expected to be completed in 1968. An addition containing 12,000 square feet is under construction at San Diego, California, and is expected to be completed in 1968.

The above-mentioned plants and the equipment therein are in good operating condition and well maintained.

NCR also owns 13 sales and service offices and leases approximately 459 such offices and sub-offices in the United States. The Company and its subsidiaries own over 188 sales and service offices and lease over 866 such offices and sub-offices in various foreign countries. NCR and its subsidiaries also own or lease a variety of facilities pertinent to their operation, such as warehouses, garages, offices and recreational facilities.

Titles to real property have not been examined for the purposes of this Prospectus but NCR does not know of any material defects in title to any of its real property or that of its subsidiaries or of any material adverse claim of any right, title or interest therein, pending or contemplated. This statement is made without regard to certain minor encumbrances such as liens for current taxes, easements or restrictions which do not materially detract from the value of such real property or its use in NCR's or subsidiaries' business.

### HISTORY AND BUSINESS OF ECI

ECI was incorporated in New York in 1927, under the name Air Associates, Incorporated and on October 1, 1940, merged into its then inactive wholly-owned subsidiary which had been incorporated in New Jersey on May 27 of that year. The name Electronic Communications, Inc. was adopted in April 1957.

ECI's principal business consists of the design, development and manufacture of electronic communications systems, subsystems and equipment, flight instruments and metal products. The end-use, directly or indirectly, of these products is primarily by the military forces of the United States and its allies and by the National Aeronautics and Space Administration (NASA). A substantial part of ECI's sales for the five years and nine months ended June 30, 1968 were made under government contracts subject to final price determination. It is the opinion of ECI's management that final price determinations will have no adverse effect on its financial statements. About 90% of ECI's sales for this period are also subject to renegotiation under the Renegotiation Act of 1951. Under this Act the government is permitted to renegotiate contracts to eliminate "excess profits." ECI has received clearances from the Renegotiation Board through the fiscal year ended September 30, 1967.

The fields in which ECI engages in business are highly competitive. While ECI does not know of any reliable statistics pertaining to its relative position in the electronics field, it believes that its share of the total business in this field is small. ECI competes with a large number of other electronics companies, many of which are considerably larger than ECI, and with electronics divisions of other large manufacturers.

Unfilled orders were estimated to be \$60,000,000 at June 30, 1968 (of which approximately \$14,000,000 are expected to be delivered during the remainder of the current fiscal year ending September 30, 1968) and \$44,000,000 at June 30, 1967. Substantially all unfilled orders are for military and NASA end-use and are subject to customary government provisions permitting the government to terminate for its convenience, with provisions for reimbursement to ECI for costs incurred and profit in the event of such termination.

#### St. Petersburg Division

ECI's executive offices and principal manufacturing and engineering facilities are located in St. Petersburg, Florida. These facilities include engineering laboratories, environmentally controlled manufacturing "clean rooms", inspection and test facilities and areas for assembly, metal fabrication, electroplating, welding and graphic arts production.

At present the design, development and manufacturing activities of the St. Petersburg Division are directed principally to airborne, air-transportable, shipboard, ground and satellite communications systems and space instrumentation.

In the area of command and control communications, ECI is the prime contractor and systems integrator for the airborne UHF multiplexed communication system which has been employed since

1961 by the Strategic Air Command for its Airborne Command Post. This program is now in its third equipment generation.

In the area of tactical command and control, ECI is producing communication systems for the Marine Tactical Data System and shipboard radio sets for the Navy Tactical Data System.

Other communications programs include shipboard transceivers for the Navy, data link radios for naval aircraft, communication satellite ground terminals for the military, communication relay equipment, tactical multiplex equipment, telemetry equipment, special purpose transmitters and receivers for Minuteman launch sites, transmitters for NATO's NADGE program and a variety of research and development projects.

The St. Petersburg Division also is producing a variety of equipment for the nation's space program, including flight control computers for the Saturn/Apollo program.

ECI's customer requirements group consists of a headquarters staff located in St. Petersburg, Florida, and field personnel based in Huntsville, Alabama; Los Angeles, California; Boston, Massachusetts; Dayton, Ohio; and Washington, D.C. This group analyzes present and future military budgets and related present and future customer product requirements and maintains commercial relations with present and potential customers having requirements for ECI's capabilities and products.

#### **Benson Manufacturing Division**

The Benson Manufacturing Company was founded in 1907 and was incorporated in Missouri in 1928. ECI acquiring voting control of Benson in 1963. On November 23, 1965 Benson was merged into ECI and became the Benson Manufacturing Division.

Benson's principal business consists of the design, fabrication and sale of various products made from aluminum, stainless steel and other metals. The end-use, directly or indirectly, of these products is primarily by the military forces of the United States, NASA and the brewing industry. These products include heat transfer systems, fabricated metal components for application in aircraft, missile and space systems and aluminum and stainless steel beer barrels. All phases of Benson's business are highly competitive. While ECI does not know of any reliable statistics, it believes Benson's share of the total markets for heat transfer systems and fabricated metal components for aircraft, missile and space systems application is not significant.

ECI is presently offering for sale the business and assets of the Benson Manufacturing Division.

#### **Standard Precision Division**

ECI's Standard Precision Division in Wichita, Kansas was established in 1949. ECI acquired this division (then a separate corporation) in 1959. This division's activities consist principally of the production of instruments and electro-mechanical equipment for the aerospace and general aviation industries. The division also operates facilities for the overhaul of aircraft instruments, research and development and environmental testing. The facilities include an environmentally controlled "clean room" and areas for assembly, instruction and testing. Standard Precision also is equipped for production of specialized screw machine items and is presently manufacturing ordnance fuze equipment for the U. S. Army.

#### **Employee Relations**

ECI has about 2,750 employees, approximately 2,200 at St. Petersburg, 300 at Benson and 250 at Standard Precision. ECI has group life, sickness, accident, hospitalization and surgical benefits and retirement income plans for all its employees.



About 1,000 production and maintenance employees at St. Petersburg are represented by a union affiliated with the AFL-CIO. Negotiations with this union for a three-year collective-bargaining agreement expiring in July 1971 have recently been concluded.

About 200 production and maintenance employees at Benson are represented by unions affiliated with the AFL-CIO. The present collective bargaining agreements expire in 1969.

About 170 production and maintenance employees at Standard Precision are represented by a union affiliated with the AFL-CIO. The present collective bargaining agreement expires in 1970.

### **Property**

ECI owns its offices and manufacturing and engineering facilities which are located on a 30 acre tract in St. Petersburg, Florida. These facilities consist of two adjacent modern buildings which have approximately 325,000 square feet of floor space. A 50,000 square foot addition is planned for completion in late 1968. ECI also has an option to lease an additional 35 acres and an option to purchase an additional 26 acres in the St. Petersburg area for future expansion.

ECI owns two separate plants for its Benson Manufacturing Division in Kansas City, Missouri with a total of 225,000 square feet of floor space. Although both of these plants are over 20 years old, one having been built prior to 1936, they are adequately maintained and are suitable for Benson's present metal fabrication operations.

ECI owns a plant for its Standard Precision Division in Wichita, Kansas, with 55,000 square feet of floor space. The principal facility with 45,000 square feet of floor space, is leased by ECI.

ECI also owns the property described below which is leased to Scott Electronics Corporation.

### **Scott Electronics Corporation**

Scott Electronics Corporation in Orlando, Florida, was established in 1964 and became an affiliate of ECI in December, 1965. The outstanding capital stock of Scott Electronics consists of equal amounts of Class A common stock and Class B common stock. The dividend, liquidation and voting rights of the Class A and Class B common stock are identical except that ECI as the owner of all of the outstanding Class B common stock is entitled to elect a majority of Scott Electronics' Board of Directors. The Class A common stock is owned by two officers of Scott Electronics neither of whom are otherwise affiliated with ECI except as holders of stock and options to purchase stock of ECI. The Class A common stock is convertible into Class B common stock on a share for share basis, and ECI has the option to purchase all of the Class A and Class B common stock from time to time outstanding at prices ranging from 100% to 200% of its book value.

Scott Electronics designs and produces wave filters, magnetic amplifiers, transformers, saturable reactors, toroidal components, inverters, converters and associated electronic modules. Its principal customers are manufacturers of communications and radar systems.

The business in which Scott Electronics engages is highly competitive. Its share of business in its field is believed to be small. Scott Electronics competes with a large number of other electronic component manufacturers, many of whom are considerably larger than Scott Electronics.

Scott Electronics has approximately 400 employees. None have a union affiliation. Scott Electronics occupies a plant of approximately 60,000 square feet which it leases from ECI. This plant has administration, engineering, "clean room" and assembly areas.

## DESCRIPTION OF CAPITAL STOCK OF NCR

NCR is authorized to issue 2,000,000 shares of the par value of \$5 each of cumulative Preferred Stock, none of which is outstanding, and 14,000,000 shares of Common Stock of the par value of \$5 each, 8,963,168 shares of which were outstanding on June 30, 1968. The following are summaries of certain rights of and provisions for the Preferred Stock and the Common Stock.

### **The Preferred Stock**

The Preferred Stock is senior to the Common Stock, both with respect to the payment of dividends and the distribution of assets, is issuable from time to time in one or more series, and the Board of Directors is expressly authorized to fix before issue with respect to each series (a) the designation and number of shares to constitute such series, (b) the liquidation rights, (c) the dividend rights, (d) the times and prices of redemption, (e) whether the shares are to be subject to the operation of a sinking or retirement fund, (f) whether the shares are to be convertible or exchangeable for other securities of NCR, (g) any limitation on the payment of dividends on the Common Stock to be effective while any such series is outstanding, (h) the voting powers, if any, in addition to any voting rights provided by law, of the shares of such series, which voting powers may be general or special, and (i) such other provisions as shall not be inconsistent with the Charter. All shares of any series of Preferred Stock shall be identical with each other in all respects, and all series will rank equally and will be identical in all respects except to the extent that the Board of Directors is permitted to vary the terms thereof as above described. Shares of any series of Preferred Stock which have been issued and reacquired (excluding purchased shares which NCR elects to hold as treasury shares), including shares received upon conversion or exchange, will revert to the status of authorized and unissued shares and may be reissued. The Preferred Stock when validly issued for adequate consideration will be fully paid and nonassessable.

### **The Common Stock**

The Common Stock, (i) subject to the prior rights of the Preferred Stock described above and to any limitations on dividends or other restrictions fixed by the Board of Directors before issue with respect to any series of Preferred Stock and to the limitations described under the heading "Restrictions on Dividends" below, is entitled to dividends when and as declared by the Board of Directors, (ii) has full voting power, (iii) subject as aforesaid, is entitled to receive any distribution made to stockholders in liquidation, and (iv) is not entitled to preemptive rights to subscribe for additional shares of any class or securities convertible into such shares other than such rights, if any, as the Board of Directors of NCR may determine from time to time.

### **Non-cumulative Voting**

The holders of Common Stock are entitled to one vote per share. Since the Common Stock does not have cumulative voting rights, the holders of more than 50% of the shares, if they choose to do so, can elect all of the directors, and the holders of the remaining shares cannot elect any director.

There are no conversion rights or redemption or sinking fund provisions with respect to the Common Stock.

The outstanding shares of Common Stock are fully paid and nonassessable, and the shares issuable upon consummation of the exchange will, when so issued, be fully paid and nonassessable.

#### **Restrictions on Dividends**

The Indenture with respect to NCR's 4¼% Subordinated Debentures due April 15, 1992 (convertible on or before April 15, 1982), issued in May of 1967, prohibits the declaration or payment of dividends on Common Stock of NCR (other than dividends in Common Stock) or the acquisition or retirement of capital stock of NCR by it or a subsidiary unless, after giving effect thereto, the accumulated consolidated net income of NCR and its subsidiaries earned subsequent to December 31, 1966, plus the sum of \$30,000,000, plus the net proceeds of the issuance, sale or other disposition after December 31, 1966 of stock of NCR and of indebtedness of NCR which has thereafter been converted into stock of NCR (including the said Debentures) shall exceed the sum of (i) all dividends and other distributions on the capital stock of NCR (other than dividends or distributions payable in shares of Common Stock of NCR) expended by NCR subsequent to December 31, 1966, and (ii) the aggregate amount of expenditures made by NCR and any subsidiary subsequent to December 31, 1966 for the acquisition or retirement for value of any shares of capital stock of NCR. The term "consolidated net income" is defined to mean all net income of NCR and its subsidiaries appearing on a consolidated income statement of NCR and its subsidiaries as reported to stockholders and accompanied by a certificate of independent public accountants. Such income includes non-operating income, and is after deduction of all expenses and charges of every proper character, all as determined in accordance with generally accepted accounting principles. As at December 31, 1967 approximately \$59,300,000 of the earnings retained for use in the business were free of such restrictions.

#### **DESCRIPTION OF COMMON STOCK OF ECI**

ECI is authorized to issue 2,000,000 shares of common stock of the par value of \$1 per share and 200,000 shares of 6% Cumulative Convertible Preferred Stock of the par value of \$10 per share. All of the outstanding Preferred Stock was redeemed on July 31, 1968 and no additional Preferred Stock will be issued. Accordingly, no description of the Preferred Stock is included in this Prospectus.

The holders of common stock of ECI (i) are, subject to the limitations described below, entitled to dividends out of ECI's surplus or net profits when and as declared by the Board of Directors, (ii) have full voting power, each share being entitled to one vote, (iii) are entitled, in the event of any liquidation of ECI, to their pro rata share of the assets remaining after payment or provision for payment of all liabilities, and (iv) are not entitled to preemptive rights to subscribe for additional shares of any class or securities convertible into such shares other than such rights, if any, as the Board of Directors of ECI may determine.

Under ECI's Revolving Credit Agreement with a group of banks it is provided that ECI will not without the consent of the banks declare or pay any dividends (except stock dividends) or make any other distribution to stockholders or redeem any shares of its capital stock unless the aggregate amount of all such cash dividends, distributions and redemptions in any period of twelve consecutive months does not exceed 50% of ECI's net earnings (after all taxes) for such period.

## MANAGEMENT OF NCR

### Directors and Executive Officers

The names of all directors and executive officers of NCR are as follows:

<u>Name</u>	<u>Office</u>
Robert S. Oelman	Director and Chairman of the Board*
R. Stanley Laing	Director and President*
Robert G. Chollar	Director; Vice President and Group Executive Research and Development and Manufacturing
George Haynes	Director; Vice President and Group Executive International Operations
Charles L. Keenoy	Director; Vice President and Group Executive Domestic Marketing
John J. Hangen	Director, Vice President, Finance*
Frederic H. Brandt	Director*
Fred C. Foy	Director
Joseph A. Grazier	Director
William P. Patterson	Director
David L. Rike	Director
James S. Rockefeller	Director*
Thomas E. Sunderland	Director
J. M. Boyle	Vice President, Domestic Sales
W. J. Carroll	Vice President, Product Planning
D. E. Eckdahl	Vice President, Electronics Division
H. W. Frapwell	Vice President, Marketing Administration
O. B. Gardner	Vice President, Industry Marketing
A. S. Gillan	Vice President, International Administration
D. K. Hughes	Vice President, Manufacturing
T. E. McCarthy	Vice President, Product Marketing
J. E. Rambo	Vice President, Secretary and General Counsel
C. F. Rench	Vice President, Engineering and Advanced Development
B. L. Shaler	Vice President, Industrial Relations
R. M. Sweeney	Vice President and General Manager, Business Forms and Supply Division
G. J. Wilson	Vice President and General Manager, Special Products Division
H. R. Wise	Vice President, International Marketing
A. S. Holzman	Controller
E. C. Nowak	Treasurer
C. E. Martin	Director of Taxes and Group Benefits

\* Member of the Executive Committee.

All of the executive officers have been continuously in the employ of NCR for more than five years except Mr. R. M. Sweeney who prior to 1964 was an officer of Business Systems, Incorporated acquired by NCR in that year.

# Remuneration and Other Transactions with Management and Others

The remuneration, on an accrual basis, paid during the last fiscal year by NCR and its subsidiaries to each director, and each of the three highest paid officers, whose aggregate remuneration exceeded \$30,000, is set forth together with certain other information in the following table:

<u>Name</u>	<u>Capacity</u>	<u>Aggregate Remuneration<sup>1</sup></u>	<u>Deferred Contingent Compensation Award for 1967</u>	<u>Trust for Employees<sup>2</sup></u>	<u>Estimated Annual Retirement Benefits<sup>3</sup></u>
Robert G. Chollar	Director and Vice President and Group Executive—Re- search and Development and Manufacturing	\$ 81,000	\$ 28,000	\$ 1,917	\$23,614
John J. Hangen	Director and Vice President, Finance	55,750	20,000	1,238	22,494
George Haynes	Director and Vice President and Group Executive—In- ternational Operations	93,000	—	1,917	17,882
Charles L. Keenoy	Director and Vice President and Group Executive— Domestic Marketing	106,000 <sup>4</sup>	—	1,917	18,715
R. Stanley Laing	Director and President	97,500	80,000	2,835	24,625
Robert S. Oelman	Director and Chairman	175,000	50,000	3,993	26,188
All directors and officers as a group (28 in the group)		\$1,386,525 <sup>5</sup>	\$228,500	\$28,101	

<sup>1</sup> Directors who are salaried officers receive no additional remuneration as director.

<sup>2</sup> In 1926 four stockholders of NCR created a trust of shares of stock of NCR for the benefit of employees. As of December 31, 1967, the trust held 233,162 shares. Dividends from said shares were distributed to 1,746 employees in 1967. Said distribution does not come from funds of NCR.

<sup>3</sup> These estimated annual retirement benefits under NCR's Retirement Plan as amended effective July 1, 1955, are based upon contributions by both the individual and NCR and are calculated upon the eligible earnings in each case, and upon the assumption that there will be no change in the current rate of earnings of each individual and that each individual will continue as a participant in the Plan until his normal retirement date.

<sup>4</sup> In addition to the amount stated above, under the terms of his contract as Manager of one of NCR's branch sales offices which was cancelled December 31, 1965, for services rendered thereunder prior to cancellation Mr. Keenoy received during 1967 \$5,500.

<sup>5</sup> One of the officers not listed above received under the terms of his contract as Manager of one of NCR's branch sales offices which was cancelled prior to his appointment as a corporate officer on January 1, 1966 for services rendered thereunder prior to such cancellation, \$500 during 1967. Both the foregoing amount and that referred to in note 4 above are included in the aggregate remuneration for all directors and officers as a group.

Under the terms of employment agreements entered into in 1959 with Mr. Oelman, in 1964 with Mr. Laing and in 1966 with Messrs. Chollar, Haynes and Keenoy, for each twelve months of service thereunder Mr. Oelman is entitled upon termination of service to contingent deferred compensation in the amount of \$3,000 per year and Messrs. Chollar, Haynes, Keenoy and Laing are entitled to similar compensation under like terms in the amount of \$1,000 per year. All such contingent deferred compensation is payable for a period of ten years beginning on termination of service. The agreement with Mr. Oelman superseded a prior agreement entered into in 1957. The agreement with Mr. Chollar superseded a prior agreement entered into in 1959. Under such contracts through December 31, 1967 Mr. Oelman had become entitled to receive \$30,250 a year, Mr. Chollar had become entitled to receive \$7,000 a year, Mr. Haynes had become entitled to receive \$1,750 a year, Mr. Keenoy had become entitled to receive \$1,750 a year and Mr. Laing had become entitled to receive \$3,750 a year. In addition, for services rendered in 1967 and in lieu of an equivalent amount of cash remuneration, awards of deferred contingent compensation were made to Messrs. Chollar, Hanger, Laing and Oelman and to all directors and officers as a group (28 in all) including those named, in the respective amounts shown in the above table. Under these awards deferred contingent compensation is payable in ten equal annual installments beginning on termination of service with NCR except in the case of Mr. Laing whose award is payable in two equal installments of \$40,000 each on January 15, 1970 and January 15, 1971. The payments of deferred compensation under such contracts and awards are subject to certain contingencies which may result in the termination or reduction of such payments. For tax purposes, such amounts of deferred contingent compensation will be deducted by NCR in the year in which payment, if any, is made.

Dillon Read & Co. Inc., acted as managing underwriter in 1967 with respect to an offering of \$88,696,700 principal amount of 4¼% Subordinated Debentures due April 15, 1992 and received for its services as such a gross underwriting commission of \$103,646.29. It also acted as managing underwriter in 1966 with respect to an offering of \$60,000,000 principal amount of 5.60% Sinking Fund Debentures Due June 15, 1991 and received for its services as such a gross underwriting commission of \$72,000. Mr. Frederic H. Brandt is Chairman, a director and stockholder of Dillon Read & Co. Inc.

First National City Bank acted as Subscription Agent in connection with the issue in 1967 of NCR's 4¼% Subordinated Debentures due April 15, 1992, and received \$77,257.73 for its services in that capacity. Mr. Rockefeller at the time of the issue was Chairman of First National City Bank.

Effective December 31, 1965, Mr. Harry C. Keesecker resigned as an officer and director of NCR and on January 1, 1966 became Branch Manager of NCR's Los Angeles sales office. At that time NCR entered into an agreement providing for the payment to Mr. Keesecker of \$8,000 per year for each of the five years commencing on his retirement or termination of full time employment, in consideration of Mr. Keesecker agreeing not to compete with NCR and to be available for consultative service.

#### Stock Option Plans

NCR has two stock option plans, one approved by stockholders in 1958 (the "1958 Plan") and the other approved by stockholders in 1966 (the "1966 Plan"). The 1958 Plan was amended in June 1964 to conform to the requirements of the amendment of the Internal Revenue Code enacted in that year. Options granted under the 1958 Plan before June 1964 were designed to be restricted stock options as defined in the Code and those granted after the 1958 Plan was amended were designed to

be qualified stock options as defined in the Code. Options granted under the 1966 Plan may be either qualified stock options or unqualified options. All options entitle the holder thereof to purchase shares of Common Stock of NCR. On May 31, 1968 options to purchase an aggregate of 93,134 shares of NCR's Common Stock had been granted and were outstanding under both Plans, and there remained available under the 1966 Plan for options, which may be granted in the future, 197,300 shares. No further options may be granted under the 1958 Plan. The number of shares subject to option and with respect to which options may be granted in the future and the exercise price of outstanding options are subject to adjustment upon the happening of certain events. The following table sets forth information with respect to shares under option as of May 31, 1968:

1958 Plan:

<u>Number of Optionees</u>	<u>Number of Shares Subject to Option</u>	<u>Option Price</u>	<u>Expiration Date</u>
8	8,256	\$ 67.34	January 21, 1969
7	6,900	66.19	June 24, 1969
10	12,579	58.16	November 18, 1969
1	5,350	97.44	April 25, 1972
8	10,845	77.26	December 19, 1972
6	5,339	74.10	July 20, 1970
8	2,200	110.50	March 19, 1973

1966 Plan:

<u>Number of Optionees</u>	<u>Number of Shares Subject to Option</u>	<u>Option Price</u>	<u>Expiration Date</u>
2	10,000	\$ 84.50	July 19, 1971
4	8,500	66.63	September 20, 1971
64	18,765	66.63	September 20, 1976
1	1,000	67.87	January 2, 1972
1	3,000	103.63	February 4, 1973
2	400	110.50	March 19, 1973

Options expiring on June 24, 1969, July 20, 1970, July 19, 1971, September 20, 1971, January 2, 1972, February 4, 1973, and March 19, 1973 referred to in the above table are intended to be qualified stock options. The options expiring on September 20, 1976 are not intended to be qualified or restricted stock options. All other options referred to in the above table are intended to be restricted stock options. Each option, which is non-transferable and exercisable by the optionee only while an employee, except in certain circumstances, was granted in consideration of the optionee's agreeing to remain in the employ of NCR for one year. Options granted under the 1958 Plan may not be exercised prior to the expiration of one year from the date of grant, at which time 20% of the shares with respect to restricted options and 25% of the shares with respect to qualified options thereby become available and a further 20% or 25%, depending upon whether the option is restricted or qualified, become so available each year thereafter until all such shares have become available. All options granted under the 1966 Plan mature fully after the expiration of one year following the date of grant. Both Plans provide that the purchase

price of the stock under each option granted thereunder shall be the fair market value of the stock on the day of the grant.

On May 31, 1968, options were held by officers and directors of NCR as indicated in the following table:

	No. of Shares	Purchase Price Per Share	Expiration Date
R. G. Chollar .....	2,000	\$ 66.63	September 20, 1971
J. J. Hangen .....	775	66.19	June 24, 1969
	788	74.10	July 20, 1970
	1,500	66.63	September 20, 1971
G. Haynes .....	5,350	97.44	April 25, 1972
	1,050	66.19	June 24, 1969
	2,000	66.63	September 20, 1976
C. L. Keenoy .....	8,000	84.50	July 19, 1971
R. S. Laing .....	3,857	58.16	November 18, 1969
	1,575	66.19	June 24, 1969
	2,500	66.63	September 20, 1971
R. S. Oelman .....	5,513	58.16	November 18, 1969
	2,500	66.63	September 20, 1971
All directors and officers as a group (18 in the group) ..	3,032	67.34	January 21, 1969
	10,710	58.16	November 18, 1969
	5,350	97.44	April 25, 1972
	6,645	77.26	December 19, 1972
	6,900	66.19	June 24, 1969
	3,638	74.10	July 20, 1970
	10,000	84.50	July 19, 1971
	8,500	66.63	September 20, 1971
	4,500	66.63	September 20, 1976
	1,000	67.87	January 2, 1972
	3,000	103.63	February 4, 1973

See "Comparative Price Ranges of NCR and ECI Common Stocks" for recent market prices of the Common Stock.

NCR has effected insurance ("Reimbursement for Directors' and Officers' Liability Insurance") covering sums spent by it in indemnifying directors, officers and employees under the indemnification by-law of NCR, and has also effected insurance ("Directors' and Officers' Liability Insurance") protecting directors and officers against certain liabilities in respect of which they are not indemnified under the by-law. NCR pays the premium on the "Reimbursement for Directors' and Officers' Liability Insurance" policy, and the covered directors and officers pay the premium on the "Directors' and Officers' Liability Insurance" policy. The premium on the "Reimbursement for Directors' and Officers' Liability Insurance" policy represents 90% of the aggregate of the premiums on both policies and the premium on the "Directors' and Officers' Liability Insurance" policy represents 10% of the aggregate of the premiums on both policies.

#### Ownership of Securities

As of May 15, 1968, directors and executive officers of NCR as a group owned beneficially 46,337 shares of the outstanding Common Stock of NCR and \$1,100 principal amount of its 4¼% Subordinated Debentures due April 15, 1992.



## MANAGEMENT OF ECI

### Stock Options, Remuneration and Other Transactions with Management

The following table shows total remuneration paid by ECI for the fiscal year ended September 30, 1967, to the following:

	Capacities in Which Remuneration Was Received	Remuneration
S. W. Bishop .....	President and Director .....	\$ 75,500 <sup>(1)</sup>
W. R. Yarnall .....	Financial Vice President and Director .....	42,400 <sup>(2)</sup>
J. B. Williams .....	Vice President and General Manager—St. Petersburg Division and Director .....	45,200
All sixteen officers and directors as a group .....		333,100 <sup>(3)</sup>

<sup>(1)</sup> Mr. Bishop is employed under an agreement, expiring April 30, 1970, which provides for compensation of not less than \$50,000 a year plus 1% of the consolidated income of ECI and its subsidiaries, as defined in the agreement, before deduction of income taxes. Pursuant to the agreement ECI maintains \$100,000 of insurance upon his life payable to his beneficiary.

<sup>(2)</sup> Mr. Yarnall is employed under an employment and consulting agreement, expiring April 30, 1975, which provides for compensation of not less than \$40,000 a year until April 30, 1970 and not less than \$20,000 a year thereafter.

<sup>(3)</sup> Does not include \$40,000 of fees for legal services paid to the firm of Ballard, Spahr, Andrews & Ingersoll, of which Thomas G. B. Ebert, a director and an Assistant Secretary of ECI, is a partner.

The benefits payable under ECI's Retirement Income Plan for Salaried Employees to the persons named in the preceding table, in the event of their retirement at age 65, are estimated as follows: Mr. Bishop \$6,900 a year; Mr. Yarnall \$3,700 a year; Mr. Williams \$5,500 a year.

Mr. J. Paul Crawford, Jr., a director of ECI, is a Senior Vice President of Chemical Bank New York Trust Company which has the largest participation in the revolving credit agreement between ECI and a group of banks to provide working capital. The largest amount of borrowings from this bank outstanding under the agreement at any time since it became effective on February 28, 1967 was \$2,177,500.

The A. & H. Kroeger Organization, of which Mr. H. A. Kroeger, a director of ECI, is a partner, will be paid a total of \$30,000 for consulting and economic advisory services rendered to ECI during the fiscal year ending September 30, 1968, including services rendered in connection with the Exchange Offer. The firm of Ballard, Spahr, Andrews & Ingersoll will be paid a fee by ECI for legal services rendered in 1968, including services rendered in connection with the Exchange Offer.

As of May 31, 1968, thirteen officers and other key employees held options under the 1964 Qualified Stock Option Plan (the "1964 plan") and the 1957 Restricted Stock Option Plan (the "1957 plan") to purchase a total of 34,548 shares of common stock of ECI. These options, all of which are presently exercisable, are held as follows:

	Date of Grant	Number of Shares Subject to Options	Option Price Per Share
S. W. Bishop .....	December 27, 1962 .....	368	\$ 9.77
	January 26, 1967 .....	5,000	20.00
	December 5, 1967 .....	5,000	24.69
J. B. Williams .....	November 23, 1964 .....	1,000	8.99
	January 26, 1967 .....	1,500	20.00
	December 5, 1967 .....	2,500	24.69
Other officers and employees ..	Various dates from December 27, 1962 to December 5, 1967 .....	19,180	{ 8.99 to 24.69
Total .....		34,548	

No further options may be granted under the 1957 plan. The options granted prior to November 23, 1964 are covered by the 1957 plan and are intended to conform to the definition of "restricted stock options" in the Internal Revenue Code. In each case the option price was 85% of the fair market value of ECI's common stock on the date the option was granted. The numbers in the preceding table have been adjusted to reflect the 10% stock dividend paid December 21, 1966. The options granted on November 23, 1964 and thereafter are covered by the 1964 plan and are intended to conform to the definition of "qualified stock options" in the Internal Revenue Code. The option price was 100% or more of the fair market value of ECI's common stock on the date the options were granted. Each of these options expires five years after the date of grant or earlier as provided in the 1964 plan in the event of termination of employment or death.

It is a condition of the Agreement, dated as of May 20, 1968, between NCR and ECI, among other things, that at the Closing Date there be delivered to NCR the resignations of all of the directors of ECI expressed to take effect at the pleasure of NCR. If the Exchange Offer is consummated, NCR intends to operate ECI as a subsidiary and it is contemplated that NCR will accept the resignations of all directors who are not officers of ECI and elect directors of NCR's choice. NCR does not contemplate effecting any immediate changes in the present officers of ECI.

#### LITIGATION

NCR is subject to a consent decree entered against its predecessor and others (effective February 1, 1916) in the District Court of the United States, Southern District of Ohio, Western Division. This consent decree enjoins NCR and the other defendants from engaging in a variety of restrictive trade practices with respect to cash registers or other registering devices. The decree also enjoins NCR from acquiring ownership or control, directly or indirectly, by means of stock ownership or otherwise, of the whole or an essential part of the business, patents or plants of any competitor engaged in the manufacture or sale of cash registers or other registering devices in interstate or foreign commerce, except with the approval of the Court. Jurisdiction of the case is retained by the Court for the purpose of passing upon such proposed acquisitions, and for the purpose of enforcing or modifying the decree upon application of any of the parties thereto.

In addition to the foregoing, NCR is a party to a small number of actions of a routine nature incidental to its business, none of which is regarded by NCR as material.

#### EXPERTS

The financial statements included in this Prospectus and the schedules included elsewhere or incorporated herein by reference in the Registration Statement, except for the statements of ECI that relate to the three month periods ended December 31, 1966 and 1967, have been examined by Price Waterhouse & Co., Arthur Andersen & Co. and Peat, Marwick, Mitchell & Co., independent accountants, whose opinions thereon appear herein and elsewhere in the Registration Statement, and have been included or incorporated by reference by NCR in reliance on the opinions of such firms and on their authority as experts in auditing and accounting.

# ECI COMMUNICATOR®

ELECTRONIC COMMUNICATIONS, INC.

A Subsidiary of E-Systems, Inc.

VOLUME 15, NO. 8

ST. PETERSBURG, FLORIDA

SEPTEMBER 3, 1976

## ECI BECOMES SUBSIDIARY OF E-SYSTEMS



E-SYSTEMS Chairman and President John W. Dixon addresses management group as ECI becomes a member of the worldwide "E-Team."

### ECI in Contract For TRI-TAC Digital Terminal

ECI has won an Air Force contract valued at approximately \$450,000 for the validation design phase of the TRI-TAC Digital Non-Secure Voice Terminal (DNVT).

The contract was awarded in a competitive procurement by the Electronic Systems Division of the Air Force Systems Command. ESD is the procuring agency for the Air Force portion of TRI-TAC, the tri-service tactical communications program.

Representatives of the ESD DNVT team, headed by Col. Henry Nitzko, deputy director of the Systems Project Office, were at ECI last month for a post award conference on the new program. Also here were technical representatives from MITRE Corp., the TRI-TAC office, the Army Electronics Command and various user commands.

Under the design-to-cost contract, ECI will develop and manufacture validation models of the digital terminal and will carry out trade-off studies, analyses and tests leading to a subsequent full-scale development. See ESD DNVT Team, Page 3.

### Postal Forum X

ECI will stress the company's broad range of capabilities in the development of mail-handling equipment at the tenth annual Postal Forum in Washington Sept. 12-15. See page 3 for full story.

### X-Head Program Grows by \$2.8M

ECI has received a \$2,853,000 addition to an existing contract from the Naval Sea Systems Command for the production of Exercise Heads for Navy surface-to-air missiles.

The Exercise Heads are telemetry data transmitting sets which replace tactical warheads on Navy missiles during fleet training exercises. They transmit flight data by telemetry to surface stations where missile performance is monitored.

The contract addition will bring to more than 2000 the total number of Exercise Heads produced by ECI over the past five years. Total value of the program now exceeds \$30 million.

The Exercise Heads are used with Terrier, Tartar, Talos and Navy Standard missiles.

See Pages 4 and 5 for an E-Systems Profile

Electronic Communications, Inc., is now a wholly-owned subsidiary of E-Systems, Inc., a Dallas-based high technology company with worldwide operations in the areas of electronics and aircraft systems.

John W. Dixon, E-Systems Chairman and President, announced the acquisition on August 5 following the finalization of an agreement through which E-Systems acquired ECI from the NCR Corporation in a \$19 million cash purchase.

Describing the acquisition as a "logical alliance," Dixon said the combined talents of the two companies "will substantially strengthen our competitive positions in the communications and electronics fields."

E-Systems develops and manufactures a broad range of electronic products and systems for application in electronic warfare, communications, command and control, and guidance and control systems. It also installs and integrates sophisticated electronic systems in aircraft and performs specialized maintenance services for government and commercial users.

About two-thirds of E-Systems product strength is centered in communications and electronics, but with a product and customer orientation different from that of ECI.

ECI President Harold M. May expressed his pleasure at becoming "part of this fine Dallas, Texas company."

In a message to employees, May said "E-Systems is an outstanding, highly progressive company in business areas closely related to those of ECI. With its worldwide marketing organization and strong technical capabilities, E-Systems will contribute significantly to our growth. And I believe ECI can,

and will, make important contributions to E-Systems."

May will report directly to Dixon in the E-Systems organizational structure. From an operational standpoint there will be "little or no change for ECI," according to Dixon.

"On a day by day basis, ECI will operate essentially as in the past," the E-Systems Chairman and President said. He added that there will be some changes in management policies and philosophies to be compatible with "those now used throughout E-Systems."

In a meeting with ECI managers the week following the acquisition, Dixon commented on the compatibility of the two product lines, stressing the fact that the combination "will greatly strengthen our competitive position as we pursue new business opportunities."

He told the managers that ECIers should no longer think in terms of "we" and "they" as regards E-Systems and ECI.

"Now it should just be 'us,'" he said in welcoming ECI as the newest member of the worldwide "E-Team."

ECI was founded in 1927 as Air Associates, Inc., and adopted its present name following a move to St. Petersburg in 1957. The Company was merged into NCR in 1968 and had been a wholly-owned NCR subsidiary since that time. E-Systems and NCR on June 3 announced an agreement in principle for the acquisition.

### '5 for 5' in Sea Trials with SYR-1

USS Wainwright (CG23) scored five successful firings out of five attempts in initial testing at sea of the ship's updated Weapons Directing System with live missiles.

The tests were designed to prove the effectiveness of SM-2 modifications which enable the ship's fire control system to function with the new Terrier SM-2 missiles.

Part of the new system is the engineering development model of the AN/SYR-1 Communications Tracking Set designed and developed by ECI. Charles L. Bandaret of Systems Engineering was a member of the test support team on the Wainwright during the test operations off Roosevelt Roads, Puerto Rico.

"It was a real milestone," he declared. "It took a long time and a lot of work to get to this point, but the testing proved we are on the right track. We are mighty proud of the results."

See SYR-1 System, Page 3



CHUCK BANDARET posts Navy congratulatory message on bulletin board at Systems Engineering Manager Eli Delabatis proudly looks on.

## E-Systems, Inc. — Electronic Systems and Aircraft Systems

E-Systems, Inc., ECI's new parent Company, is a major worldwide developer and producer of high technology electronic products and systems. In addition, the fast-growing Dallas, Texas-based Company offers a variety of aircraft modification, overhaul and maintenance services for government and commercial customers.

Employing approximately 9,000 worldwide, E-Systems prior to the acquisition of ECI consisted of six divisions and three wholly-owned subsidiaries in seven states and several foreign countries.

The addition of ECI brings the total employment to nearly 11,000. ECI becomes the fourth wholly-owned subsidiary and gives E-Systems its first Florida engineering and manufacturing operation.

ECI fits into E-Systems as the hand fits into the proverbial glove. Both companies are much involved in ultra-sophisticated technology, both are electronics-oriented, and both serve the U.S. military and international markets. Despite this compatibility, product lines are largely complementary rather than competitive.

In general, E-Systems provides products and services in the areas of intelligence and reconnaissance systems, command and control, electronic warfare, guidance and control, aircraft maintenance and modification, communications, and data systems.

These products and services are marketed around the world. Last year, 55 percent of E-Systems total sales were to the U.S. Department of Defense, 32 percent to international customers, and 13 percent to commercial customers and non-DoD U.S. Government agencies.

Exclusive of ECI's plant facility of nearly 400,000 square feet, E-Systems occupies more than three million feet of floor

space at its various operations.

E-Systems, formerly owned by the LTV Corp., has enjoyed a dramatic growth since it emerged as an independent company in 1972. Sales of \$254 million last year were almost \$100 million more than in 1972. For the first six months of 1976, sales were \$142 million. The Company's common stock is traded on the New York Stock Exchange under the symbol "ESY."

Activities at the various E-Systems divisions and subsidiaries are many and diverse. They share, however, the common denominators of high technology and electronic capability. Following is a brief description of the principle activities at each division and subsidiary:

### Greenville Division, Greenville, Tex.

Design and installation of highly complex airborne intelligence, reconnaissance and surveillance systems;

Systems integration for a wide variety of sophisticated aircraft, such as the Advanced Airborne Command Post (AABNCP) for use by the President and other members of the National Command Authority in the event of a national emergency;

Overhaul and maintenance of many different types of military and civilian aircraft, such as the Special Air Mission fleet assigned to top U.S. Government officials, including the President and Cabinet officers;

Special airborne and ground-based electronic systems for Signal Support Mission and other foreign programs.

### Donaldson Division, Greenville, S.C.

Full range of maintenance and overhaul services for aircraft of all types and sizes;

Manufacturer of components for aircraft modification programs;

Prototype installations for a wide variety of aircraft types.

### Garland Division, Garland, Tex.

Large data management systems to provide rapid handling of data bank information for resource management;

Digital communications command and control systems for public safety applications;

Large screen displays providing location data about ships, surface vehicles, aircraft, and spacecraft;

Digital secure voice and communications management systems for military and commercial users;

Automated postal systems for the U.S. Government and volume mail processors, both domestic and international;

Large antennas from 15 to 105 feet in diameter for satellite communications;

Guidance systems.

### Melpar Division, Falls Church, Va.

Electronic warfare systems including electronic countermeasures and radar warning and homing;

Radio frequency intelligence acquisition, collection and processing systems;

Specialized electronics for communication, ordnance, and commercial and military intrusion detection security equipment;

Miniature remotely piloted vehicles (MINI-RPVs) and their electronic payloads.

### Momtek Division, Salt Lake City, Utah

Automatic flight controls and components for Boeing 727/737/747 and Lockheed L-1011 TriStar commercial jet aircraft and Bell 204 and 222 helicopters;

Thrust controls for spacecraft, such as the Viking Mars Lander and Minuteman;

Flow control devices for the petrochemical industry;

Shock suppressors and isolators for nuclear power plants;

Ground and ship-based navigation aids for commercial, military and general aviation.

### Memcor Division, Huntington, Ind.

World's largest volume producer for U.S. military and more than 50 foreign governments of military radios for all types of tactical communications applications (airborne, vehicular and personnel);

Manufacturer of magnetic brakes, linear actuators and highway emergency call boxes;

Manufacturer of electronic components, including resistors, rheostats, switches, and actuators;

Co-producer of military radios with Republic of Korea in Seoul and Indonesia in Djakarta.

### Scry-Air, Inc., Houston, Tex.

Aircraft maintenance and facility operation services at NASA's Johnson Space Center and Edwards Air Force Base;

Aircraft maintenance for the U.S. Army Electronics Command and U.S. Customs Service.

### Air Asia Company Limited, Tainan, Taiwan (Republic of China)

Largest diversified facility in the Far East for aircraft overhaul, maintenance and modification, including engine repair, for U.S. military, foreign governments and international airlines and other commercial customers.

### TAI, Inc., Falls Church, Va.

Consulting engineers and designers of microwave systems and telecommunications networks worldwide.

### International

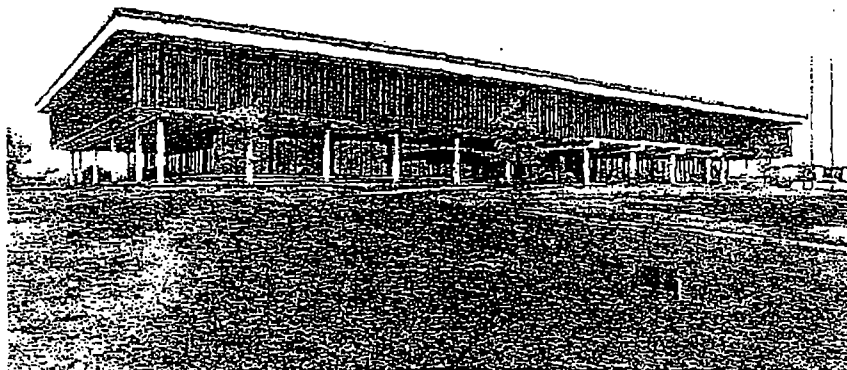
E-Systems maintains customer relations offices throughout the United States and in nine foreign countries—West Germany, Belgium, Italy, Iran, Singapore, Indonesia, South Korea, Japan, and Brazil. There are three international regions in the corporate structure: The Americas; The Far East; and Central Europe—Mid-East—Africa.

## What's in a Name?

E-Systems came into being in 1965 as LTV Electrosystems, then part of Ling-Temco-Vought, Inc. Following a spin-off from LTV in 1972 the corporate name E-Systems, Inc. was adopted. What does the letter "E" stand for?

Nothing in particular. It is often thought of as "electronics." But E-Systems Chairman and President John W. Dixon says it merely stands for "any word that starts with E and is good."

Time Magazine, in fact, said the "E" might stand for "Excellent."



E-SYSTEMS INTERNATIONAL HEADQUARTERS will be located in this modern office building in north Dallas when renovation of the two story structure is completed early next year.



ITT's response to 104(e) request: Gilbert and Pawnee Street Sites, Wichita  
Larry Silver  
to:  
Denise Roberts  
04/26/2011 11:02 AM  
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### 3 Attachments



lsslogo.bmp 2008-04-29 FINAL DMT ltr to Andrews with Exhibits Part 2.pdf



2008-04-29 FINAL DMT ltr to Andrews with Exhibits Part1.pdf

Dear Denise,

Per our discussion this morning, I am providing to you the April 29, 2008 letter from David Traster to Paul Marx, as referenced in the Answer to Question 4 (at page 3, fn. 1) of ITT's March 31, 2011 Response to EPA's information request of February 28, 2011. You will note that the footnote refers to the letter as dated April 28, 2008; in fact the letter is dated April 29, 2008. I apologize for the error.

The Exhibits to the Traster letter are also attached, including Exhibits O and R, which are referenced in footnote 1 to ITT's Response.

Hard copy will follow.

Regards,

Larry

Larry Silver, Esquire  
[Lsilver@langsamstevens.com](mailto:Lsilver@langsamstevens.com)



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